

## Item 1 - Cover Page

### **The Foundry Financial Group, Inc.**

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Date of Brochure: June 2011

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This brochure provides information about the qualifications and business practices of The Foundry Financial Group, Inc. If you have any questions about the contents of this brochure, please contact Mike Fogarty at 603-528-5171. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about The Foundry Financial Group, Inc. is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view information about The Foundry Financial Group, Inc. on this website by searching for The Foundry Financial Group, Inc. You may search for information by using our name or by CRD number. The CRD number for The Foundry Financial Group, Inc. is 116823.

Registration as an investment adviser does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

On July 28, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC rules. This Disclosure Brochure dated June 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous Form ADV Part II and Schedule F did not require. In the future, this item will discuss only specific material changes that are made to the Disclosure Brochure and provide readers with a summary of such changes. We will also reference the date of our last annual update of our brochure. Prior to this version of the disclosure brochure, our last update to the disclosure brochure was in March 2010.

In the past we have offered or delivered information about the firm’s qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC rules, we will ensure that you receive a summary of any material changes to this and subsequent Disclosure Brochures within 120 days after our fiscal year ends. Our fiscal year ends on September 30 so you will receive the summary of material changes no later than December 29th each year. At that time we will also offer a copy of our most current Disclosure Brochure. We may also provide other ongoing disclosure information about material changes as necessary.

You can always receive our most current Disclosure Brochure at any time by contacting us at (603) 528-5171 or by downloading it from our firm’s website at [www.foundryadvisors.com](http://www.foundryadvisors.com).

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## **Item 4 – Advisory Business**

The Foundry Financial Group, Inc. (also referred to as “FFG”, us, we, our and “Adviser” throughout this Disclosure Brochure) is an investment advisor registered with the United States Securities and Exchange Commission (“SEC”) and is a corporation formed under the laws of the State of New Hampshire.

- Michael Fogarty is the President, Chief Compliance Officer, and sole owner of FFG.
- FFG became initially registered as an Investment Advisor on April 13, 1990 and based on the requirements in effect at the time since that date has been registered either with the SEC or State of New Hampshire.

### ***Introduction***

Individuals licensed or approved as Investment Advisor Representatives (“Advisor Representatives”) with FFG will provide its investment advisory services. These individuals are appropriately licensed when required, qualified, and authorized to provide advisory services on behalf of FFG. Such individuals are referred to as FFG Advisor Representatives or ADVISOR Representatives throughout this document. FFG Advisor Representatives may also be licensed as Registered Representatives of a Broker/Dealer. FFG currently requires Advisor Representatives to be licensed as a Registered Representative of Cambridge Investment Research, Inc., a Registered Broker/Dealer. We will refer to this broker/dealer as “Cambridge” or “CIR” throughout this Disclosure Brochure. Cambridge is a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investors Protection Corporation (“SIPC”).

FFG Advisor Representatives are employees of FFG. FFG Advisor Representatives are restricted to providing services and charging fees based in accordance with the descriptions detailed in this document. FFG Advisor Representatives are instructed to consider the individual needs of each client when recommending an advisory platform.

### ***General Description of Primary Advisory Services***

The following are brief descriptions of FFG’s primary services. A more detailed description of our services is provided in *Item 5 – Fees and Compensation* so that clients and prospective clients can review the description of services and description of fees in a side-by-side manner.

**Financial Planning Services** - FFG provides advisory services in the form of financial planning services. Financial planning services do not involve the active management of client accounts, but instead focus on a client’s overall financial situation. Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning, and other areas. Once a planning relationship is established, the role of a financial planner may include the following: (a) to gather data and information about the client’s financial situation, (b) to analyze and evaluate the client’s financial situation, (c) to develop and present recommendations for the client to consider, (d) to assist the client in implementing recommendations, and (e) to provide ongoing review for the client. The scope of the financial planning services may vary based on the needs of the client.

**Asset Management Services** - FFG provides advisory services in the form of asset management services. Asset management services involve providing clients with continuous and on-going supervision

over client accounts. This means that FFG Advisor Representatives continuously monitor a client's account and make trades in client accounts when necessary.

**Third Party Money Managers** – FFG provides advisory services by referring clients to outside, or unaffiliated, money managers that are registered or exempt from registration as investment advisers. Third-party money managers are responsible for continuously monitoring client accounts and making trades client accounts when necessary.

### ***Limits Advice to Certain Types of Investments***

FFG provides investment advice on the following types of investments:

- Mutual Fund Shares
- Exchange-listed securities (i.e. stocks)
- Securities traded over-the-counter (i.e. stocks)
- Fixed income securities (i.e. bonds)
- Closed-End Funds and Exchange Traded Funds (ETFs)
- Foreign Issues
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- United States government securities
- Options contracts on securities and commodities
- Interests in partnerships investing in real estate and oil and gas interests
- Limited partnerships
- Precious metals and collectibles

FFG does not provide advice on futures contracts on tangibles or intangibles, commodity contracts, or hedge funds and other types of private (i.e. non-registered) securities.

When providing asset management services, FFG typically constructs each client's account holdings using mutual funds, closed-end and exchange-traded funds and individual fixed income securities to build diversified portfolios. It is not FFG's typical investment strategy to attempt to time the market but we may increase cash holdings modestly as deemed appropriate, based on your risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, client preferences, client objectives, or special tax situations. *(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)*

### ***Tailoring Advisory Services to Individual Needs of Clients***

Our services are always provided based on the individual needs of each individual client. Clients are given the ability to impose restrictions on their accounts including specific investment selections and sectors.

When managing client accounts through the firm's Investment Management Services program, we may manage an individual client's account in accordance with one or more investment models. When client accounts are managed using models, investment selections are based on the underlying model and we do not develop customized (or individualized) portfolio holdings for each client. However, the determination to use a particular model or models is always based on each client's individual investment goals, objectives and mandates. If the client's objectives and needs are such that an existing model is not appropriate, then a custom model can be created and assigned.

### ***Wrap-Fee Program versus Portfolio Management Program***

In traditional management programs, advisory services are provided for a fee but transaction services are billed separately on a per-transaction basis. In wrap-fee programs, advisory services and transaction services are provided for one fee. FFG does not act as a portfolio manager of or sponsor for wrap fee programs.

### ***Client Assets Managed by FFG***

The amount of clients assets managed by FFG totaled \$62,473,752 as of September 30, 2010. \$52,833,451 of these assets are managed on a discretionary basis and \$9,640,300 are managed on a non-discretionary basis.

### ***Business Continuity Plan.***

FFG has established a Business Continuity Plan (BCP). The BCP describes how FFG will respond to significant business disruptions and provide investors with alternative contact information in the event of a significant business disruption. The BCP Summary is distributed when the client establishes an account. A copy may be obtained upon request by calling (603) 528-5171. It is also available upon written request.

## **Item 5 – Fees and Compensation**

In addition to the information provided in *Item 4 – Advisory Business*, this section provides details regarding FFG's advisory services along with descriptions of each service's fees and compensation arrangements.

Advisory fees charged may vary depending on your geographic location, which FFG Advisor Representative is providing services to your account, the type of advisory services rendered, the fee schedules in effect at the time your account was opened, and your individual needs.

### **A. Financial Planning Services**

Client seeking financial planning services will be required to execute a Financial Planning Engagement. Upon execution of the engagement, the FFG Advisor Representative provides investment advisory services in the form of written financial planning and consulting services.

Financial planning services take into consideration factors including your objectives, overall financial situation, personal and financial goals, risk tolerance and objectives, risks that you are willing to undertake, investment knowledge, net worth, income, age, projected retirement, unusual or material

funding requirements, inheritance possibilities, pensions, social security, children/relative funding issues, estate issues, and living expenses expressed in today's dollars requested for retirement.

Based on the previous data and information compilation, financial planning recommendations are made based on your individual needs. For financial planning services, topics covered may include, but are not necessarily limited to, one or more of the following:

- Portfolio Review and Evaluation
- Retirement Account Analysis
- Cash Flow and Net Worth Analysis
- Risk Management Analysis
- Budgeting
- Planning for Family Member Special Needs
- Divorce Planning
- Developing a Comprehensive Written Financial Plan
- Retirement Planning
- Consulting with Qualified Plan Sponsors
- Education Funding Planning
- Review of Medical, Disability, and other insurance
- Estate Analysis and Planning
- Financial Planning and Education Seminars
- Negotiation of the Purchase of Substantial Assets (I.E. Home, Auto, Vacation Residence, Etc.)

FFG will generally provide one of three basic types of financial planning services as follows:

1. **Full Financial Plan:** This service provides for the creation of a written financial plan covering a broad range of the clients' financial concerns.
2. **Review and Update Financial Plan:** This service provides for ongoing review of and/or updates to a written financial plan on either a quarterly, semi-annual or annual basis.
3. **Limited Scope Planning Services:** This service provides for limited scope services that focus on one or more separate specific areas but do not involve the creation of a full financial plan.

In addition to providing written financial plans, FFG Advisor Representatives can provide financial planning consultation services. Consultation services focus on your specific areas of concern. These services can also include retirement plan consulting services provided to a plan sponsor or to an individual client wanting advice on how their plan investments should be allocated. FFG Advisor Representatives may provide financial planning services to business entities and groups requesting educational services and financial planning seminars or individual consulting and planning services to be provided to employees or members. If individual planning or consulting services will be provided, each participating employee or member will be required to execute a separate agreement with FFG.

Financial planning seminars are provided on an impersonal basis, which means topics covered are general in nature and do not purport to focus on the individual needs of the seminar participants. Generally, seminars are conducted at no cost to the attendees; however, FFG may charge a fee for seminars.

Financial planning services do not include the implementation of transactions on your behalf. To the extent you would like your FFG Advisor Representative to implement transactions on your behalf, you will need to contract for one or more of the investment management services described later in this section of the Disclosure Brochure or you could work with your FFG Advisor Representative in his or her separate capacity as a Cambridge Registered Representative to establish a brokerage account and implement transactions through a non-fee, commission-based brokerage account. A conflict will exist between the interests of FFG and our Advisor Representatives and your interests if the Representative may earn commissions in his or her capacity as a Registered Representative or if you will pay advisory fees for managed accounts in addition to the fees charged for financial planning services. Fees can be charged as a fixed fee, on an hourly basis, or calculated based upon the value of assets receiving services. The fee arrangement will be indicated in your FFG advisory services agreement. The fee methods are described in more detail below:

- **Fixed Fee** – The fixed fee will vary depending on a variety of factors, such as the scope of services provided, the complexity of the process undertaken, the types of issues addressed and the frequency with which the services are rendered. Fees charged for financial planning services on a fixed basis generally do not exceed \$25,000.
- **Hourly Financial Consulting** – FFG Advisor Representatives are generally not allowed to charge more than \$500 on an hourly basis.
- **Asset Based Fee Agreement** – Clients may retain an Advisor Representative to provide financial consulting services based on assets held outside of FFG. The fee for such services will be a percentage of all assets reviewed under this financial consulting service provided by the Investment Advisor Representative. The total fee may not exceed 2.25% of the assets.

Financial planning fees described above do not include the fees you will incur for other professionals (i.e. personal attorney, independent Investment Adviser, or accountant) in connection with the financial planning process.

The above standard fees are representative of the advisory fees that are typically charged to advisory clients. In some instances fees higher than those stated above may be charged if the scope of the project agreed upon warrants a higher fee. All fees are negotiable and are agreed upon prior to entering into a contract.

FFG Advisor Representatives may waive agreed upon financial planning fees and expenses if a client purchases products or enters into agreements for other services with the FFG Advisor Representative. The client and the FFG Advisor Representative preparing the financial plan or providing the consultation services will determine the exact fee and the manner in which the fee is to be paid. FFG Advisor Representatives may negotiate fees with each client based on the complexity of the client's personal circumstances, financial situation and the services that will be provided, the scope of the engagement, the client's gross income, the experience and standard fees charged by the FFG Advisor Representative providing the services, and the nature and total dollar asset value of the assets for which services will be provided. In addition, fees may be negotiated based on whether or not the client has assets under management with the FFG Advisor Representative.



FFG will generally deliver a financial plan to the client within 90 days of entering into a financial planning contract, provided that all information needed to prepare the financial plan has been promptly provided by the client.

Fees are due upon client's receipt of an invoice from the FFG Advisor Representative. The client can authorize fee payment from a Cambridge brokerage account to pay for financial planning services.

## **B. Investment Consulting Services**

FFG Advisor Representatives may provide financial and investment consultations on accounts not managed or maintained by FFG. Only accounts in which a FFG Advisor Representative is not the Registered Representative of record or does not have trading authorization on the account are eligible for this service. Such accounts may include, but are not limited to, 401(k) accounts and pension plan accounts not held at FFG or Cambridge. All trade implementation under this service is the responsibility of the client. FFG Advisor Representatives will not at any time have access to a client's funds, securities, or account(s) and therefore will not have authority to rebalance, reallocate or trade in the account.

If you decide to sign up for this service, your selected accounts will be reviewed based upon your specific needs, desires, and future financial goals and/or objectives. General or specific recommendations will be provided by the FFG Advisor Representative, depending on the terms of the engagement. This service is intended for continuous and regular consultations provided on a quarterly or more frequent basis.

A variety of options are available for fee payment. Your FFG Advisor Representative may assist you with selecting the fee arrangement. The selected fee arrangement will be documented on the appropriate FFG Agreement.

- **Fixed Fee Services** – The fixed fee will vary depending on a variety of factors, depending on the scope of services provided, complexity of the process undertaken, the types of issues addressed and the frequency with which the services are rendered. Fees charged for financial planning services on a fixed basis generally do not exceed \$25,000.
- **Hourly Financial Consulting** – FFG ADVISOR Representatives are generally not allowed to charge more than \$500 on an hourly basis.
- **Asset Based Fee Agreement** – Clients may retain Investment Advisor Representative to provide financial consulting services based on assets held outside of FFG. The fee for such services will be a percentage of reviewed under this financial consulting service provided by the Investment Advisor Representative. The total fee may not exceed 2.25% annually of the assets under management. Fees for on-going consultation services are due upon receipt of a billing statement from FFG. The exact fee a client will be charged is contingent upon the nature and complexity of the client's overall financial circumstances.

The annual fee will be divided and billed, pro-rata, on either a monthly or quarterly basis. Fees may be charged in advance or in arrears depending on the specific arrangement.

Clients may incur certain charges imposed by third parties other than FFG in connection with investments recommended through consulting arrangements, including but not limited to, mutual fund and custodial

fees. Consulting fees charged by FFG are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus.

### **C. Investment Management Services**

Investment management services may be provided through one or more of the following platforms: (1) Investment Management through Cambridge; (2) Investment Management through Institutional RIA Trading Platforms; (3) Retirement Plan and Advisory Consulting Services; and (4) Investment Management through Multi-Manager Platforms.

For all programs, account recommendations are ultimately determined based upon a client's risk tolerance, financial situation, and stated investment objectives (i.e. preservation of capital, income, growth & income, growth & speculation, etc.). All information gathered from clients is confidential. FFG Advisor Representatives are instructed to contact all of their clients regularly, but not less frequently than annually, or at client's request, to discuss the client's investment portfolio and to update the client's financial information should any changes have occurred. It is necessary for clients to inform their FFG Advisor Representative promptly with respect to any changes in the client's financial situation or investment goals and objectives. Failure to notify FFG of any such changes could result in investment recommendations not meeting the needs of the client.

Once the FFG Advisor Representative completes the initial assessment of the client, a specific investment strategy and investment policy is crafted to focus on the specific client's goals and objectives. Typically, the investment policy is written out in an Investment Policy Statement (IPS), though in some circumstances the investment policy, and/or changes to the IPS are supported only by the data collected from the client and the meeting notes. For individual clients, an investment profile is designed and a FFG Model Portfolio is assigned to the client's portfolio assets. If the client's objectives and needs are such that an existing model is not appropriate, then a custom model can be created and assigned. The IPS is generally reviewed with the client intermittently.

The Advisor Representative will select an appropriate investment platform on which investment management activities will be conducted. The Advisor Representative will review the costs and benefits of various clearing platforms and then select the clearing firm that is determined to best support the client's investment goals and style in a cost-efficient manner with respect to the service and security provided.

#### ***1. Cambridge Investment Management Platform***

FFG Advisor Representatives may provide investment management services, defined as giving continuous investment advice to a client and making investments for the client based on the individual needs of the client, through brokerage accounts established at Cambridge. Through this program, your Advisor Representative will be responsible for determining investment recommendations and responsible for implementing transactions in the Advisor Representative's separate capacity as a Cambridge Registered Representative. FFG Advisor Representative will actively manage your accounts in accordance with your individual needs, objectives and risk tolerance. These accounts may be managed on either a discretionary trading basis or non-discretionary trading basis.

Cambridge accounts will be cleared and custodied at Pershing, LLC ("Pershing"). The decision to use Pershing is made by FFG. Pershing is chosen from the selection of clearing firms allowed by Cambridge. Cambridge serves as the introducing broker/dealer for all accounts through this investment management platform and clears securities transactions on a fully disclosed basis through Pershing. FFG elects to custody accounts at Pershing based on the cost, FFG's experience in working with Pershing, familiarity with its services, and the comparison of services offered by other clearing platforms made available by Cambridge to its Registered Representatives. FFG also seeks to keep expenses and fees low by benefiting from the operational efficiencies of maintaining one primary clearing relationship.

FFG primarily utilizes advice to mutual funds, exchange-traded funds, and individual fixed income securities such as bonds and traded certificates of deposit. The Advisor Representative may include individual equity securities and other securities if approved by FFG prior to use, and only when the use of these other investments does not fall outside the scope of the advisor's competency. The client may also elect to incorporate previously purchased securities and unsolicited investment purchases in an FFG portfolio with FFG approval.

The annual fee for accounts managed through the Cambridge Investment Management Platform is based on the amount of assets under management. The annual fee is negotiable and is subject to discounts on as authorized by the Advisor Representative and by FFG. These discounts may be a consideration for the FFG Advisor Representative when choosing a platform to recommend.

- The maximum allowable fee that can be charged may not exceed 2.25% of assets under management on an annual basis.

FFG's standard fee schedule for individual accounts is as follows:

0.5% on all assets over \$1,000,000  
0.8% on all assets over \$500,000 up to \$1,000,000  
0.9% on all assets over \$250,000 up to \$500,000  
1.0% on all assets from \$0 up to \$250,000

FFG's standard fee schedule for employer-sponsored plan accounts is as follows:

0.3% on all assets over \$10,000,000  
0.4% on all assets over \$3,000,000 up to \$10,000,000  
0.5% on all assets from \$0 up to \$3,000,000

Fees may be charged in advance or in arrears depending upon the agreement between the client and FFG Advisor Representative. Fees are charged on a quarterly basis. FFG reserves the right to calculate fees either (i) on the basis of the market value of the account(s) on the last day of the previous quarter if fees are billed in advance or on the last day of the quarter in which services were rendered if fees are billed in arrears. Clients should discuss with their FFG Advisor Representative the fee calculation formula in effect at the time they establish their account(s), and will be notified in writing of any change.

- Depending on the complexity and structure of the investment management strategy selected by client, FFG may assess a one-time non-refundable set-up fee, which may be the lesser of one percent (1%) or \$1,000.00.

- The combined set-up fee and first year's account fee may not exceed 3% of assets under management.
- Set-up Fees (described above), if applicable, are a non-refundable one-time charge intended to cover such services as initial portfolio review and analysis, evaluation of a client's personal and financial goals, risk tolerance, investment objectives, product research, selection of an appropriate investment management strategy and completion by the client's FFG Advisor Representative of the documents required by FFG to establish a particular account.

The exact fee and payment arrangement will be agreed to with the client and FFG Advisor Representative prior to commencing services and stated in the FFG Agreement for Investment Management Services ("AIMS").

Fees are typically deducted directly from client accounts. Clients must provide the custodian with written authorization to have fees deducted from the account and paid to FFG. The custodian will send client statements, at least quarterly, showing all disbursements for the account including the amount of the advisory fee, if deducted directly from the account. It is FFG's and the client's responsibility to verify the accuracy of fee calculations. The qualified custodian will not determine whether the fee has been properly calculated. Upon approval from FFG, clients may pay fees via direct invoice. For clients paying via invoice, fees will be due upon client's receipt of the invoice.

Clients may incur certain charges imposed by third parties other than FFG in connection with investments made through the account, including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, variable annuity/insurance fees and surrender charges, and IRA and qualified retirement plan fees.

Management fees charged by FFG which may or may not include transaction ticket fees charged by the custodian are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus. FFG's Advisor Representatives, in their separate capacity as Registered Representatives of Cambridge, and acting in full compliance with the Cambridge and FFG compliance policies and procedures, may retain a portion of the commissions charged to the client. These commissions may include mutual fund sales loads, 12b-1 fees and surrender charges, variable annuity fees and surrender charges and IRA and qualified retirement plan fees. When managing ERISA and qualified accounts, the FFG Advisor Representative must lower or offset the management fee by the amount of 12b-1 fees and other commissions received in the event such types of commissions are received by the FFG Advisor Representative in his/her individual capacity as a Registered Representative of Cambridge.

## ***2. Investment Management through Institutional RIA Platforms***

FFG Advisor Representatives may provide investment management services, defined as giving continuous investment advice to a client and making investments for the client based on the individual needs of the client, through accounts established at institutional RIA platforms. Through this program, your FFG Advisor Representative will be responsible for determining investment recommendations and responsible for implementing transactions. The FFG Advisor Representative will actively manage client accounts in accordance with the client's individual needs, objectives and risk tolerance. These accounts may be managed on either a discretionary trading basis or non-discretionary trading basis. The FFG

Advisor Representative must be granted limited power of attorney over the client's account in order to have trading authorization on the client's account.

Currently, FFG only uses RIA trading platforms for employer sponsored retirement plans (see #3 below). The investments for these clients are currently traded through the RIA platform offered through Great-West Retirement Services or ASPIre. ASPIre platforms are custodied at Matrix, TD Ameritrade, or Pershing. FFG will consider the services of other RIA trading platforms for individual and employer sponsored plan clients as needed to ensure efficient trading platforms, effective communications, and reasonable expenses. FFG is independently owned and operated and not affiliated with any of these companies. More details regarding the brokerage options are available in Item 12 of this Disclosure Brochure.

The annual fee for accounts managed through the Institutional RIA Platform is based on the amount of assets under management. The annual fee is negotiable and is subject to discounts when approved by the Advisor Representative and FFG.

- The maximum allowable fee that can be charged may not exceed 2.25% of assets under management on an annual basis.

Fees may be charged in advance or in arrears depending upon the agreement between the client and FFG Advisor Representative. Fees are charged on a quarterly basis unless. FFG reserves the right to calculate fees either (i) on the basis of the market value of the account(s) on the last day of the previous quarter if fees are billed in advance or on the last day of the quarter in which services were rendered if fees are billed in arrears. FFG will apply only one fee calculation formula to an account at any given point in time. Clients should discuss with their FFG Advisor Representative the fee calculation formula in effect at the time they establish their account(s), and will be notified in writing of any change.

- Depending on the complexity and structure of the investment management strategy selected by client, FFG may assess a one-time non-refundable set-up fee, which may be the lesser of one percent (1%) or \$1,000.00.
- The combined set-up fee and first year's account fee may not exceed 3% of assets under management.
- Set-up Fees (described above), if applicable, are a non-refundable one-time charge intended to cover such services as initial portfolio review and analysis, evaluation of a client's personal and financial goals, risk tolerance, investment objectives, product research, selection of an appropriate investment management strategy and completion by the client's Advisor Representative of the documents required by FFG to establish a particular account.

The exact fee and payment arrangement will be agreed by you and your FFG Advisor Representative prior to commencing services and stated in the agreement for services.

Trading, brokerage and custodial fees charged by the client's third party broker/dealer and custodian are separate from management fees charged by FFG. In addition, clients may incur certain charges imposed by third parties other than FFG in connection with investments made through a Cambridge account, including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, IRA and qualified retirement plan fees. Management fees charged by FFG are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description

of these fees and expenses are available in each investment company security's prospectus. Because FFG Advisor Representatives are not acting in their capacity as Cambridge Registered Representatives through this platform, FFG and Cambridge do not retain any portion of the fees and expenses described in this paragraph.

### **3. Retirement Plan Advisory and Consulting Services**

FFG may provide investment advisory services to retirement plans, which may consist of services offered through Cambridge Investment Management Platform, Investment Management through Institutional RIAs or through general consulting services. The Advisor Representative and Plan Sponsor will outline the services provided through the FFG Retirement Plan Investment Advisory Agreement. The services that may be provided, among others that may be outlined specifically in the agreement are summarized below.

**A. Description of Non-Discretionary Investment Advisory Services** - The following non-discretionary investment advisory services may be provided by FFG acting as a fiduciary within the meaning of section 3(21) (B) (ii) of ERISA, if the Plan is subject to ERISA.

- a. **Selection of Qualified Default Alternative.** FFG may recommend to the Plan Sponsor an investment fund product or model portfolio meeting the definition of a "Qualified Default Investment Alternative" ("QDIA") in ERISA Regulation 2550.404c-5(e)(3).
- b. **Performance Monitoring.** FFG may perform ongoing monitoring of investment manager(s) or investments in accordance with the plan's Investment Policy Statement ("IPS") guidelines. FFG may also monitor the appropriateness and continued suitability of each of the investments with a view to complying with the "broad range" requirement in the Regulation under ERISA Section 404(c).
- c. **Performance Reports and Investment Recommendations.** FFG may prepare reports evaluating the performance of plan investment manager(s) or investments, as the case may be, as well as comparing the performance thereof to benchmarks set forth in the IPS. FFG may recommend, for selection by Plan Sponsor, specific investments to be held by the Plan or, in the case of a participant-directed defined contribution plan, offered as investment options under the Plan consistent with the policies outlined in the IPS. FFG may recommend, for selection by the Plan Sponsor, investment replacements if an existing investment is no longer suitable as an investment option, and may assist in the transition to the replacement option if requested by the Plan Sponsor.

**B. Description of Investment Education Services** - The following investment education services may be provided by FFG acting in a non-fiduciary capacity.

- a) **Investment Policy Statement Services.** FFG may assist in the development of an investment policy statement for the Plan.
- b) **Education Services to Plan Committee.** FFG may provide training for the members of the Plan committee with regard to their service on the committee, with such training to be provided at times mutually agreeable to the parties.

- c) **Enrollment Services.** FFG may conduct in-person enrollment education sessions, as reasonably requested by Plan Sponsor, for potential participants in the Plan and assist such potential participants in the plan with completing the enrollment paperwork if requested.
- d) **Participant Education Services.** FFG may conduct in-person group sessions regarding general financial education topics and its employees. The particular topics and dates for such sessions will be determined by mutual agreement of Plan and Advisor Representative.

Please also refer to the General Disclosure Regarding ERISA and Qualified Accounts for further information (*See sub-item E on page 16.*)

#### **4. Multi-Manager Platforms**

FFG has in the past, and may again in the future, provide asset allocation advice through various outside third party management programs based on the client's individual personal and financial goals, investment objectives, and risk tolerance. Dependent on the execution of individual agreements with the program sponsors and based on information provided by the client, the FFG Advisor Representative will assist the client in selecting a suitable investment portfolio and asset allocation strategy that will be used by the program sponsor to properly allocate the client's assets in the investment portfolio. The FFG Advisor Representative will provide initial and ongoing client education concerning the asset allocation strategy selected by the client, explain the rebalancing guidelines utilized with the investment allocation strategy selected, and meet with the client periodically to discuss changes in the client's investment objectives and risk tolerance, the specific asset allocations within each portfolio, and also rebalances the portfolios periodically. The program sponsor may also change periodically the relative allocations among mutual funds in the portfolios.

FFG Advisor Representatives may also recommend Separately Managed Account Programs ("SMA") offered by outside Investment Advisers. These programs provide FFG Advisor Representatives with access to programs that specialize in separate account management, private account management, and timing and multi-disciplined account services. Program sponsors provide full-time professional investment management. The client's FFG Advisor Representative will assist the client to select the manager(s) most aligned with client's investment style based on the client's individual personal and financial goals, investment objectives, and risk tolerance. A SMA account portfolio is a customized portfolio that may consist of stocks and/or bonds and cash that is guided by a professional investment manager. The manager buys and sells stock and/or bonds on the client's behalf. Because clients directly own the securities within their account, clients have the option to specify investment restrictions (e.g., no alcohol or tobacco stocks), and may request tax-loss selling. Typically, one all-inclusive fee arrangement covers all the services provided by the SMA. A portion of the SMA's annualized fee based on the total value of client's portfolio is charged quarterly to client's account and shared with FFG and the client's FFG Advisor Representative.

The Third Party Manager Platform sponsor will generally determine the minimum investment amount for client participation. If not established by the program sponsor, FFG suggests that clients invest at least \$25,000 in the portfolio management service. FFG may accept accounts with less than \$25,000 in assets if FFG believes that, based on information provided by the client to FFG Advisor Representative, investing a lower amount is appropriate for the client and is acceptable to the program sponsor.

FFG charges clients who participate in these services a fee based on a percentage of the value of the client's assets subject to these services. The maximum fee for services provided by FFG may not exceed 2.25%. Fees are negotiable based on several factors, such as the client's employment status with the RIA, the fee schedule in effect at the time that the relationship started, the client's relationship to the advisor, and commissions previously paid on the assets to be managed prior to the inception of the investment management agreement. Occasionally, fees will be discounted for individuals determined to be in need, as the capacity of FFG allows. FFG will rarely negotiate fees based on the size of the account because fee discounts are already reflected by the tiered fee schedule. Additional fees for third party and separately managed accounts may be determined by the Third Party Manager Platform sponsor. Fees charged to client by the sponsor may be shared with FFG and the client's FFG Advisor Representative. The Fee is separate from and may not include custodial charges, transaction charges, contingent deferred sales charges on funds purchased prior to their participation in the account, debit balances or related margin interest, or other costs imposed by third parties. FFG Advisor Representatives will provide you, the client, with the respective Third Party Manager Platform sponsor's disclosure brochure(s). We strongly suggest that as the client you review these materials to familiarize yourself with the Third Party Manager Platform chosen.

At this time FFG does not utilize the services of any specific outside money management programs or SMA programs, though such services have been provided in the past and would be considered in the future.

#### **D. Recommendation of Third Party Money Managers**

FFG acts a solicitor and allows its Advisor Representatives to refer clients to unaffiliated third party investment advisory firms offering asset management and other investment advisory services. As a result, FFG is paid a portion of the fee charged and collected by the third party Investment Adviser in the form of solicitor fees or consulting fees. Each solicitation arrangement is performed pursuant to a written solicitation agreement and is in compliance with SEC Rule 206(4)-3 and applicable state securities rules and regulations.

Through this program, FFG Advisor Representatives will assist a client with identifying the client's risk tolerance and investment objectives. The FFG Advisor Representative will recommend third party Investment Advisers in relation to the client's stated investment objectives and risk tolerance. A client may select a recommended third party Investment Adviser firm based upon the client's needs. Clients will enter into an agreement directly with the unaffiliated third party Investment Adviser who will provide asset management services.

FFG Advisor Representatives are available to answer questions the client may have regarding their account and act as the communication conduit between the client and the third party Investment Adviser. Third party Investment Advisers may take discretionary authority to determine the securities to be purchased and sold for the client. Neither FFG nor its associated persons will have any trading authority with respect to a client's managed account with the third party Investment Adviser(s).

Third party managed programs generally have account minimum requirements that will vary from Investment Adviser to Investment Adviser. Account minimums are generally higher on fixed income accounts than equity based accounts. A complete description of the third party Investment Adviser's



services, fee schedules and account minimums will be disclosed in the third party Investment Adviser's Form ADV, Appendix I of Form ADV, or similar Disclosure Brochure which will be provided to clients at the time an agreement for services is executed and the account is established. Client reports will depend upon the third party Investment Adviser.

While the actual fee charged to a client will vary depending on the third party investment FFG utilized, the portion retained by FFG in the form of solicitor fees or consulting fees will not exceed 1.50%. Overall management fees charged to the client through this program will include the portion retained by the third party Investment Adviser and therefore may exceed 1.50%. All fees are calculated and collected by the selected third party Investment Adviser firm who will be responsible for delivering FFG's portion of the client fee to FFG.

Clients may incur additional charges including but not limited to, mutual fund sales loads, 12b-1 fees, surrender charges, and IRA and qualified retirement plan fees. FFG will not receive any portion of such commissions or fees. FFG is only compensated by the consulting fee as described above. FFG receives no other compensation in connection with a client's account.

While FFG consistently reviews the performance of numerous third party investment firms, FFG will enter into relationships with only a select number of third party Investment Advisers based on FFG's due diligence.

Third party Investment Advisers recommended by FFG must be registered or exempt from registration in the state where the client resides. Third Party Investment Advisers recommended by FFG or a FFG Advisor Representative must be approved by both Cambridge and FFG.

Clients are advised that FFG Advisor Representatives may have a conflict of interest by only offering those third party Investment Advisers that have agreed to pay a portion of their advisory fee to FFG and have met the conditions of the FFG due diligence review. Clients are advised that there may be other third party managed programs that may be suitable to the client that may be more or less costly. No guarantees can be made that client's financial goals or objectives will be achieved. Further, no guarantees of performance can be offered.

#### **E. General Disclosure Regarding ERISA and Qualified Accounts**

The following disclosure is directed for clients of FFG that are (i) a pension or other qualified employee benefit plan (including a 401(k) plan) governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"); (ii) a tax-qualified retirement plan under section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and not covered by ERISA; or (iii) an individual retirement account ("IRA") under Section 408 of the Code.

It is the client's responsibility to ensure FFG and the FFG Advisor Representative have been furnished complete copies of all documents that establish and govern the plan and evidencing client's authority to retain FFG as an Investment Adviser. Clients must promptly furnish to FFG any amendments to the plan and if any amendment affects the rights or obligations of FFG, such amendment will be binding on FFG and the FFG Advisor Representative only when agreed to by FFG and its Advisor Representative in writing.

Clients must maintain appropriate ERISA bonding coverage for their managed account(s) and must include within the coverage of the bond FFG, FFG Advisor Representatives and their personnel as may be required by law.

FFG's Advisor Representatives, in their separate capacity as Registered Representatives of Cambridge, and acting in full compliance with the Cambridge and FFG compliance policies and procedures, may retain a portion of the commissions charged to the client. These commissions may include mutual fund sales loads, 12b-1 fees and surrender charges, variable annuity fees and surrender charges and IRA and qualified retirement plan fees. When managing ERISA and qualified accounts, the FFG Advisor Representative must lower or offset the management fee by the amount of 12b-1 fees and other commissions received in the event such types of compensation are received by the FFG Advisor Representative in his/her individual capacity as a Registered Representative of Cambridge.

FFG Advisor Representatives may be licensed to sell securities in the capacity as Registered Representatives or registered principals with Cambridge. FFG Advisor Representatives, acting in their separate capacities as Registered Representatives or registered principals of Cambridge, may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to advisory clients. As such, FFG Advisor Representatives may suggest that advisory clients implement investment advice by purchasing securities products through a commission-based Cambridge account in addition to an advisory account. In the event investment advisory clients elect to purchase these products through Cambridge, Cambridge and the client's FFG Advisor Representative, in the capacity as Cambridge Registered Representative, will receive the normal and customary commission compensation in connection with the specific product purchased. This may present a conflict of interest, as it may give the Cambridge Registered Representative an incentive to recommend investment products on the compensation received, rather than on the clients' needs. FFG does not require its Advisor Representatives to encourage clients to implement investment advice through Cambridge. Clients of FFG are free to implement investment advice through any broker/dealer or product sponsor they may select. However, clients should understand that, due to certain regulatory constraints, FFG Advisor Representatives, in the capacity as a dually Registered Representative, must place all purchases and sales of securities products in commission-based brokerage accounts through Cambridge or other Cambridge approved institutions.

#### **F. General Disclosure for No-load Programs**

Cambridge is a participant in Pershing's FUNDVEST® ticket charge program. This program offers clients no-load mutual funds with no transaction fees. FUNDVEST® can be used in FFG's investment management services. FFG does not receive any revenue sharing compensation for from Pershing's FUNDVEST® program. Through formal agreements Cambridge is eligible to receive revenue sharing participation for assets that are held within these programs. Restrictions may apply in certain situations.

#### **G. Termination**

All Services continue in effect until terminated by either party (i.e. FFG or the client) by giving written notice to the other party at least thirty (30) days prior to the date on which termination is to be effective, unless, all parties mutually agree on an earlier termination date. Any prepaid, unearned fees will be promptly refunded by FFG to the client. Fee refunds will be determined on a pro-rata basis using the number of days services are actually provided during the final period. When fees are billed in arrears,

FFG will pro-rate the final fee payment based on the number of days services are provided during the final period. The amount of client assets on the termination date will be used to determine the final fee payment. FFG does not impose a termination fee; however, client accounts may be subject to a modest charge for reimbursement of fees and/or costs related to transferring the account. If you terminate the agreement within five (5) business days of the date you sign an agreement, FFG will refund any fees client paid in advance as a retainer to secure the services you selected.

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

Item 6 is not applicable to this Disclosure Brochure because **FFG does not charge or accept performance-based fees.** Performance-based fees are fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

#### **Item 7 – Types of Clients**

FFG generally provides investment advice to the following types of clients:

- Individuals
- High-Net Worth Individuals
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

All clients are required to execute an agreement for services in order to establish a client arrangement

#### ***Minimum Investment Amounts Required***

FFG typically imposes a minimum investment amount of \$250,000 for new clients to establish a FFG Investment Management account or an account managed on an institutional RIA platform. FFG may be willing to allow exceptions to this minimum at the request of a FFG Advisor Representative. It should be noted that FFG Advisor Representatives may impose higher account minimums than the \$250,000 level established by FFG. You should consult with your FFG Advisor Representative to determine the required account minimum.

Sponsors of the Third-party Investment Adviser programs in which FFG participates are responsible for determining account minimums and whether such minimums are negotiable. If an account minimum is not established by the program sponsor, FFG suggests that clients invest at least \$250,000 in the investment management services. FFG may accept accounts with less than \$25,000 in assets if FFG believes that, based on information provided by the client to the FFG Advisor Representative, investing a lower amount is appropriate for the client and is acceptable to the program sponsor.

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

FFG Advisor Representatives use analysis and investment strategies based on the asset allocation approach developed by FFG. Flexibility, with the supervision of FFG, is allowed to the ADVISOR

REPRESENTATIVE to customize the implementation of those strategies to the needs of each individual client.

### **Methods of Analysis in Formulating Investment Advice**

FFG begins the process of formulating investment advice by considering the long-term performance and volatility expressed by a wide variety of asset classes. Research into these asset classes includes statistical data provided by information providers such as Morningstar®, investment commentary published by industry publications and investment managers, and private research offered by firms such as Litman/Gregory.

FFG also considers broader economic research. This information is gathered from investment manager commentary, government publications, industry publications and private research firms. This information is used to refine the asset allocation and plays an important role in selecting the individual investments to be included in an asset allocation.

From this research, FFG formulates proprietary investment models for a wide range of investment profiles. Client assets are then aligned with the appropriate model(s) depending on the individual needs, time horizon, and risk tolerance of the client. When necessary, a client's model can be customized to satisfy their unique investment preferences.

### **Investment Strategies used when Managing Client Assets and/or Providing Investment Advice**

- **Strategic asset allocation.** Calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a “buy and hold” strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client's goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter.
- **Tactical asset allocation.** Allows for a range of percentages in each asset class (such as Stocks = 40-50%). These are minimum and maximum acceptable percentages that permit the investor to take advantage of market conditions within these parameters. Thus, a minor form of market timing is possible, since the investor can move to the higher end of the range when stocks are expected to do better and to the lower end when the economic outlook is bleak.
- **Modern Portfolio Theory.** Proposes that investing in a predetermined asset mix derived from the efficient frontier (dictated to achieve a specific client objective within a certain risk tolerance) and rebalancing with discipline, the portfolio is diversified across the various asset classes to mitigate unnecessary risk. This also provides for a portfolio that can operate without reliance on market timing and security selection; however, as with all equity investments positive returns are not guaranteed. In conjunction to investing in a diversified portfolio, each portfolio is constructed to meet specific parameters set forth in the individual client's investment needs and goals. These parameters can include, but are not limited to, tax efficiency, concentrated stock positions and management history.
- **Professional Money Management.** FFG believes that security selection requires significant research and expertise. It is most effectively executed by firms that have achieved the scale to provide full time portfolio supervision and the resources to investigate and evaluate the securities being purchased. Much of FFG's role is to evaluate professional investment management companies and the vehicles they offer; then to properly allocate client assets to those that FFG determines will best serve their asset management needs.

- **Dedicated Income Allocations (DIA).** DIA investing is appropriate for clients who regularly take income from their investment portfolio, or who are approaching the time when distributions will be needed. The DIA strategy involves investing a client's assets three tiered portfolios based on the expected time horizon for the use of the funds. Tier 1 assets are invested in the FFG Profile 0 model (see below). The amount invested normally equals the estimated portfolio distribution needs over a two year time period, plus any short-term reserve assets that a client wishes to invest in their managed investment account. Tier 2 assets are normally invested to cover income needs for an additional 8 years. For Tier 2, the FFG Profile 1 model (see below) is usually used. Tier 3 assets represent the long-term investment portfolio that a client wishes to invest, and are typically invested to achieve long-term growth with a higher tolerance for volatility. In Tier 3, the Profile 6 model is primarily used. More conservative clients may wish to invest more assets in Tiers 1 and 2 to provide for income needs over a longer period of time. As tier 1 assets are spent, they are replaced with assets from Tier 3 following moderate to strong tier 3 performance. Spent Tier 1 assets are replaced with Tier 2 assets following weak Tier 3 performance.

### **Model Profiles Used by FFG for Portfolio Management**

The objectives of the standard models employed by FFG are described below.

**Profile 0** – The client wishes to achieve a modest level of current income while maintaining a high degree of stability in the principal value. Overall the client is seeking a total return that is competitive with the returns offered by short-term CDs. The client is only willing to accept a very small amount of volatility in the pursuit of these returns. Securities will be selected for inclusion in this model based on their characteristics of safety, stability and income. It is understood, that the assets held in a Profile 0 account should be managed as if the funds may be needed by the client within a two year time period.

**Profile 1** - The client wishes to achieve a higher level of current income while maintaining a moderate degree of stability in the principal value. Overall the client is seeking a total return that is one to two percentage points higher than the rate of inflation. The client is willing to accept a moderate amount of volatility in the pursuit of these returns and understands that factors such as rising interest rates, inflation and the health of credit markets are among the factors that might cause portfolio volatility. Securities will be selected for inclusion in this model based on their characteristics of income over intermediate time frames. It is understood, that the assets held in a Profile 1 account should be managed as if the funds may be needed by the client over a 3 to 10 year time period.

**Profile 2** - The client wishes to achieve high portfolio income and a small amount of capital appreciation. Overall, capital preservation is a high priority, though the client has a small tolerance for some portfolio volatility. The client's target return is 2% to 4% over the rate of inflation over a long-term time period.

**Profile 3** – The client wishes to achieve a moderate amount of portfolio income and a modest amount of capital appreciation. Overall, capital preservation is a high priority, though the client has a small tolerance for some portfolio volatility. The client's target return is 3% to 5% over the rate of inflation over a long-term time period.

**Profile 4** – The client wishes to achieve a small amount of portfolio income and a moderate amount of capital appreciation. The client should have a moderate tolerance for portfolio volatility. The client's target return is 4% to 6% over the rate of inflation over a long-term time period.

**Profile 5** – The client wishes to achieve capital appreciation with only a small concern about portfolio income. The client has a small concern about moderating the amount of portfolio volatility. The client's target return is 5% to 7% over the rate of inflation over a long-term time period.

**Profile 6** - The client wishes to achieve long-term growth of capital without regard to current income and with a high tolerance for portfolio volatility. The client is not pursuing speculative strategies, but is focused rather on long-term growth over a 10 year period or more. The client's target return is 6% to 8% over the rate of inflation over a long-term time period. Clients must express a willingness to tolerate a 30% downturn in the portfolio value over the course of a 12 month period.

It is important to understand that the actual level of volatility, as well as the portfolio investment returns, may be higher or lower than the client's stated objectives. While FFG will make every effort to achieve the objectives as expressed in this brochure and in the client's investment policy statement, market conditions may cause performance and volatility to be better or worse than those stated.

### **Use of Primary Method of Analysis or Strategy**

FFG's primary method of analysis or strategy for individual clients is to create a strategic asset allocation with a tactical asset allocation overlay. Once a model portfolio is assigned to a client, FFG will maintain a selection of securities to fulfill the model and to address specific risks and/or opportunities as they are identified. In general, the allocation to cash, stocks and bonds will not vary from the assigned model by more than 10% of the total portfolio value after portfolio liquidity needs are addressed. Portfolios are reviewed quarterly to identify rebalancing needs. Portfolios may not be rebalanced if the rebalancing trades are less than the greater of 1% of the portfolio or \$1000.

There are several risks attributable to this strategy. The first risk is that the client and advisor may underestimate the risk tolerance of the client. If this is the case, then a client may be tempted to liquidate portfolio positions during what might be considered a normal market correction. This behavior would lock in client losses and might make it more difficult for the client to recover from the downturn.

Another risk involved in the primary strategy employed by FFG involves the expenses involved in the quarterly rebalancing of client accounts. Rebalancing trades may have a positive or negative impact on investment performance. Performance from active trading can be lowered due to an increase in brokerage and other transaction costs.

### **Risk of Loss**

Clients must understand that past performance is not indicative of future results. Therefore, clients and prospective clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in any type of security (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. **You need to be prepared to bear investment loss including loss of original principal.**

Because of the inherent risk of loss associated with investing, FFG and its Advisor Representatives **cannot** represent, guarantee, or even imply that our services and methods of analysis:

- (1) Can or will predict future results; or
- (2) Successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

There are certain additional risks associated when investing in securities through an investment management program.

- **Market Risk** – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- **Equity (stock) market risk** – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- **Company Risk** - When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- **Options Risk** -Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- **Fixed Income Risk** - When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- **ETF and Mutual Fund Risk**– When investing in a an ETF or mutual fund, there are additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs. Leveraged and inverse ETFs may not be suitable for all investors and have unique characteristics and risks. Although there are limited occasions where a leveraged or inverse ETF may be useful for some types of investors, it is extremely important to understand that, for holding periods longer than a day, these funds may not give you the returns you may be expecting.
- **Management Risk** – The value of your investment will vary with the success and failure of FFG's investment strategies, research, analysis and determination of portfolio securities. If FFG's investment strategies do not produced the expected returns, the value of the investment will decrease.

## **Item 9 – Disciplinary Information**

Item 9 is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

FFG has had no disciplinary actions taken against it by State or Federal regulators since the company was founded in 1989.

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

FFG is **not** and does **not** have a related company that is a:

- (1) Broker/dealer, municipal securities dealer, government securities dealer or broker,
- (2) Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund),
- (3) Futures commission merchant, commodity pool operator, or commodity trading advisor,
- (4) Banking or thrift institution, or
- (5) Sponsor or syndicator of limited partnerships.

### **Other Financial Industry Activities or Affiliations.**

#### ***Registered Representative of a Broker/Dealer Firm***

As described above, FFG Advisor Representatives are required to be licensed as Registered Representatives of Cambridge. Therefore the Advisor Representative may be able to assist the client in establishing accounts, implementing trades and performing all of the services generally associated with this position. In this event, a FFG Advisor Representative, in his or her separate capacities as a Registered Representative, will receive separate and typical commission compensation for effecting securities transactions on behalf of the same client. There may be a conflict of interest present in that the FFG Advisor Representative has an incentive to recommend products to be purchased through the FFG Advisor Representative thus increasing the compensation earned by the FFG Advisor Representative. Clients of FFG are not obligated to process trades through their FFG Advisor Representatives.

#### ***Insurance Agents***

FFG Advisor Representatives may be licensed life insurance agents with various insurance companies and may sell insurance products to FFG's advisory clients. Therefore, the client's FFG Advisor Representative, in the capacity as a licensed life agent, may be able to implement insurance recommendations for advisory clients electing to receive this service. In this event, FFG Advisor Representatives, in their separate capacities as licensed insurance agents, will receive separate and typical commission compensation for insurance and/or annuity sales. There may be a conflict of interest present in that the FFG Advisor Representative has an incentive to recommend products to be purchased through the FFG Advisor Representative thus increasing the compensation earned by the FFG Advisor Representative. Clients of FFG are not obligated in any manner to use the insurance services provided by FFG Advisor Representatives.



### ***Arrangements with Unaffiliated Investment Advisers***

As previously described in Item 5 of this Disclosure Brochure, FFG Advisor Representatives are allowed to recommend and select unaffiliated investment advisers for clients. The selected unaffiliated Investment Advisers will act as either third-party money manager or a sub-adviser. Whenever another Investment Adviser is selected to manage all or a portion of the client's assets, the outside Investment Adviser will be paid a portion of the fees the client is charged and FFG and its Advisor Representative will also receive a portion of the fees you are charged. FFG does not currently utilize unaffiliated Investment Advisers, though these services have been offered in the past. While FFG's Advisor Representatives endeavor at all times to put the interests of their clients first as a part of FFG's fiduciary duty, clients should be aware that the receipt of commissions and additional compensation itself creates a conflict of interest, and may affect the judgment of FFG Advisor Representatives when making recommendations.

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

### **Code of Ethics Summary**

Section 204A-1 of the *Investment Advisers Act of 1940* requires all Investment Advisers to establish, maintain and enforce a Code of Ethics. FFG has established a Code of Ethics that will apply to all of its supervised persons. An Investment Adviser is considered a fiduciary according to the *Investment Advisers Act of 1940*. As a fiduciary, it is an Investment Adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of its clients at all times. FFG has a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for FFG's Code of Ethics, which also covers its Insider Trading and Personal Securities Transactions Policies and Procedures. FFG requires all of its supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and when changes occur, all supervised persons will sign an acknowledgement that they have read, understand and agree to comply with FFG's Code of Ethics. FFG has the responsibility to make sure that the interests of all clients are placed ahead of FFG's or its supervised person's own investment interests. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to any services being conducted. FFG and its supervised persons must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of FFG's Code of Ethics. A copy of the FFG Code of Ethics in its entirety is available by written request presented to FFG or to FFG Advisor Representatives.

### **Personnel Trading Policy**

From time to time FFG or one or more of its supervised persons may purchase or own the same securities and investments that FFG or the client's FFG Advisor Representative recommends to the client. The fact that FFG supervised persons may have personal accounts is a conflict of interest due to the potential that a FFG Advisor Representative may devote more time to monitoring his/her personal accounts as opposed to spending that time on the review and monitor of client accounts. In addition, there is a potential that FFG Advisor Representatives may favor their personal accounts over client accounts. When the recommendation to the client involves individual stocks, stock options, bonds, and other general securities there could be a conflict of interest with the client because the FFG Advisor Representative may engage in practices such as front-running, scalping, and other activities that are potentially detrimental to clients.

FFG has adopted policies and procedures to ensure that such conflicts are fully disclosed and that neither FFG, nor its Advisor Representatives nor supervised persons may trade ahead of or otherwise against the interest of clients. It is the policy of FFG that the interests of client accounts are placed ahead of the interests of FFG accounts and personal accounts of FFG supervised persons.

None of FFG's supervised persons may effect for himself or herself, or his or her immediate family (i.e., spouse, minor children, and adults living in the same household as the associated person), or for trusts for which the supervised person may serve as trustee or in which the associated person has a beneficial interest, any transactions in a security which is published on the FFG Restricted Trading List on behalf of any of FFG's clients without prior approval from the Chief Compliance Officer or his/her designee.

The foregoing policies and procedures are not applicable to (1) transactions in any account which neither FFG nor its advisory affiliates has any direct or indirect influence or control, and (2) transactions in securities that are direct obligations of the U.S. government, bankers' acceptances, bank certificates of deposit, commercial paper, and high quality short term debt instruments, including repurchase agreements or shares issued by registered open-end investment companies.

FFG recognizes that some securities being considered for purchase or sale on behalf of its clients' trade in sufficiently broad markets without any appreciable impact on the markets of such securities. Under certain limited circumstances, exceptions may be made to FFG's Code of Ethics.

FFG has also established policies and procedures to ensure that its supervised persons control for conflicts of interest and comply with applicable provisions of The Insider Trading and Securities Fraud Enforcement Act of 1988 ("ITSFEA"). To avoid control for conflicts of interest with clients and to ensure compliance with ITSFEA, FFG, among other things, does the following:

- Provides ongoing continuing education regarding avoiding conflicts of interest and complying with ITSFEA.
- Requires supervised persons to report quarterly securities trading in personal accounts (except mutual funds and government securities), which are monitored by the Compliance Department.
- Prohibits supervised persons from executing securities transactions for clients or on their personal accounts based on information that is not available to the public upon reasonable inquiry.
- Informs clients that they are not required to purchase securities through FFG or its Advisor Representatives, although if they choose to purchase securities through their FFG Advisor Representative the transaction must be affected through Cambridge or a Cambridge approved trading platform.

As a fiduciary, the interests of FFG's clients must always be placed first. FFG's trading policies and procedures prohibit unfair trading practices and seek to avoid conflicts of interests, where possible, or to disclose conflicts when they arise. FFG will attempt to resolve conflicts in the client's favor when reasonably possible.

## **Item 12 – Brokerage Practices**

Clients wishing to implement FFG's financial planning advice are free to select any Broker/Dealer or Investment Adviser they wish and are so informed. When clients decide to implement advice through a FFG Advisor Representative, the client will be required to establish an account through a trading platform

that is approved by FFG. FFG allows its Advisor Representatives to manage accounts through a number of different brokerage arrangements. The ultimate decision to recommend or require a certain FFG-approved Broker/Dealer is typically made by the FFG Advisor Representative, but must be agreed to by the client. All accounts managed by FFG are separate accounts, which mean the client will have direct ownership of the account and must establish the account in the client's name. Every Broker/Dealer approved for use by FFG and recommended by FFG Advisor Representatives is registered with the SEC and a member of FINRA/SIPC.

As previously stated, FFG Advisor Representatives must also be Registered Representatives of Cambridge. These dually registered FFG Advisor Representatives are restricted by certain FINRA rules and policies from maintaining client accounts at or executing client transactions in such client accounts through any broker/dealer or custodian that is not approved by Cambridge. Therefore, trading platforms must be approved not only by FFG, but also by Cambridge. It should be noted that not all Investment Advisers require their clients to use specific or particular broker/dealers or other custodians required by the Investment Adviser. The fees charged by other broker/dealers may be higher or lower than those charged at Cambridge.

### **Accounts Established through Cambridge.**

If clients wish to have FFG's Advisor Representatives implement advice in their capacity as Registered Representatives or through an investment management program that uses Pershing, then FFG's affiliated broker/dealer, Cambridge, must be used. Advisor Representatives of FFG that are also Registered Representatives of Cambridge are required to use the services of Cambridge and Cambridge's approved clearing broker/dealers when acting in their capacity as Registered Representatives. Cambridge serves as the introducing broker/dealer. All accounts established through Cambridge will be cleared and held at Pershing. FFG and Cambridge are not related or affiliated Pershing.

Cambridge has a wide range of approved securities products for which Cambridge performs due diligence prior to selection. Cambridge's Registered Representatives are required to adhere to these products when implementing securities transactions through Cambridge.

The requirement to use Cambridge is based on FFG's decision that FFG can provide efficient and cost-effective services through this broker/dealer. The requirement to use Pershing is based on the fact that Cambridge has established clearing agreements Pershing and has designated Pershing as a preferred clearing broker/dealer and qualified custodian. FFG's experience and familiarity with Pershing trading tools and back office services also lends to the decision to use Pershing. Other services include, but are not limited to, account custody, trade execution services, clearing services for FFG, access to information and, for a fee, electronic trade entry and account information look-up services for Registered Representatives and clients, record-keeping services, exception reporting and access to various financial products, including "No Transaction Fee" mutual funds ("NTFs"). NTFs are standard mutual funds that may be purchased for investment advisory accounts at no cost to FFG, the FFG Advisor Representative or the client. Clients should be aware, however, that mutual funds in this NTF program may have higher internal expenses than mutual funds that are not in the NTF program. Clients may pay commissions to Cambridge and Pershing that are higher than those obtainable from other Broker/Dealers in return for products and services offered through FFG and Cambridge.

Annually, FFG attends meetings to stay informed on developments at Pershing and to consider the services of other clearing firms.

Some of FFG's Advisor Representatives have entered into an Equity Participation Plan ("EPP") with Cambridge. Under this arrangement, FFG Advisor Representatives who participate in the EPP have the ability to earn a percentage of Cambridge's overall profit ratio. FFG Advisor Representatives are not owners or officers of Cambridge. However, FFG Advisor Representatives are eligible to participate in the EPP due to their affiliation as Registered Representatives of Cambridge. This arrangement between certain of FFG's Advisor Representatives and Cambridge is a potential conflict of interest between FFG and its clients in that it may inhibit FFG's independent judgment concerning the best execution services offered by Cambridge and its clearing broker/dealers.

#### **Accounts Established through Institutional RIA Account Platforms.**

FFG has entered into several arrangements with broker/dealers that offer institutional RIA platforms. Currently, FFG utilizes Institutional RIA Account Platforms only for some employer-sponsored retirement plans.

Accounts established through ASPIre will be maintained at MG Trust (Matrix) or TD Ameritrade. Accounts established through Great-West Retirement Services will be maintained at Orchard Trust. Complete information on the custody services and brokerage services offered by these firms is included in the disclosure documents presented with, or preceding the account establishment paperwork.

FFG's decision to approve an institutional RIA platform for use by its Advisor Representatives is based on numerous factors. Institutional RIA platforms may provide services that are important for employer sponsored plans. Institutional trading and custody services are typically not available to the same providers' retail investors. Institutional services generally are available to Investment Advisers on an unsolicited basis at no charge to them.

Institutional services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. Services for employer-sponsored plans may include data agreements with service providers such as Great-West and ASPIre.

When evaluating institutional RIA platforms, FFG considers other products and services that assist FFG in managing and administering clients' accounts. Services and products that FFG actively considers and evaluates include software and other technology that provide access to client account data (such as trade confirmation and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of FFG's fees from its clients' accounts; and assist with back-office functions; recordkeeping and client reporting.

#### **Best Execution.**

As a fiduciary, FFG owes a fiduciary duty to its clients to obtain best execution of their transactions. That duty puts forth that an Investment Adviser generally must execute securities transactions in such a manner that the total cost or proceeds in each transaction is the most favorable under the circumstances. However, clients must understand that best execution does not necessarily mean the lowest available price. Instead, the totality of the arrangement and services provided by a broker/dealer must be examined to determine a qualitative measure of best execution. Based on these principles, commission and fee structures of various broker/dealers are periodically reviewed by the Best Execution Committee of Cambridge in order to evaluate the execution services provided by Cambridge and all of the unaffiliated broker/dealers and custodians used by FFG. Accordingly, while FFG does consider competitive rates, it

does not necessarily obtain the lowest possible commission rates for client account transactions. Therefore, the overall services provided by Cambridge and all of the unaffiliated broker/dealers and custodians are evaluated to determine best execution.

Clients should consider that in light of Cambridge's limited approved trading platforms for FFG accounts and the fact that only some of the approved trading platforms may accommodate the investment strategy recommended by the client's FFG advisory representative, that FFG Advisor Representatives are limited in their ability to obtain the best execution price and lowest execution costs for each transaction or the product with the lowest internal expenses. Therefore, clients may pay higher commissions or trade execution charges through the trading platforms approved by FFG and Cambridge than through platforms that have not been approved by FFG and Cambridge as trading platforms for investment advisory accounts. Not all investment advisers restrict or limit the broker/dealers their clients can use. Some Investment Advisers permit their clients to select any broker/dealer of the client's own choosing.

### **Block Trading Policy.**

Transactions implemented by FFG for client accounts are generally effected independently. The securities included in model portfolios, such as publically traded mutual funds, are highly liquid and their prices are unlikely to be affected in any meaningful way by the trades implemented in a managed account. Therefore, FFG does not utilize trade aggregation, also known as batch trading or block trading.

Because FFG does not aggregate trades, clients may not enjoy the effects of lower commission per share costs that often occurs as a result of aggregating trades should an opportunity to aggregate trades occur. As a result, clients may pay a higher transaction cost than could be received elsewhere.

### **Handling of Trade Errors.**

It is FFG's policy to ensure trading errors are handled and corrected in a timely manner in the best interests of the client affected by the error. Specifically, when FFG or a FFG Advisor Representative causes a trade error to occur in a client account that results in a loss, FFG works with the relevant broker/dealer or custodian in order to reimburse any costs paid by the client, and make whole the client transaction as it should have originally taken place/or not taken place.

All trade errors should be corrected within a reasonable period of time following discovery of the error. FFG will not use commissions from client accounts to correct trade errors. It is the strict policy of FFG that FFG Advisor Representatives are not permitted to make payments to clients or to client accounts.

In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. If an investment gain results from the correcting trade, the gain will remain in the client's account unless the same error involved other client account(s) that should also receive the gains and it is not permissible for all clients to retain the gain. FFG may also confer with clients to determine if the client should forego the gain (e.g., due to tax reasons).

FFG will never benefit or profit from trade errors.

## **Item 13 – Review of Accounts**

### ***Account Reviews and Reviewers***

FFG Advisor Representatives are in charge of providing all investment advice and conducting on-going reviews of all accounts for their respective client accounts. FFG Advisor Representatives are also in charge of selecting and/or recommending third party money managers to their respective clients. Therefore, you will need to contact your FFG Advisor Representative for the most current information and status of your accounts.

For managed accounts, reviews are provided on an on-going basis; typically based on a schedule agreed upon by you and your FFG Advisor Representative. FFG encourages Advisor Representatives to attempt to contact clients regularly for reviews, but not less frequently than annually. Generally the calendar is the main triggering factor for client reviews. However, more frequent reviews may be provided to any account depending on, among other issues, changes to the client's financial situation, personal situation or changes in market conditions.

Client investment advisory accounts are reviewed by the FFG Advisor Representative to analyze if the account is being managed in accordance with the client's chosen investment objective, that the account is properly balanced, if it is being managed according to a specific asset allocation model, and to verify the accuracy of account holdings and fee deductions. For accounts managed by third party Investment Advisers, the third party Investment Adviser responsible for managing the account will conduct all reviews and the FFG Advisor Representative will monitor the performance of the third party manager.

Clients generally will also receive an annual letter from Cambridge asking them to confirm their financial objectives, situation and their contact information..

In addition to the reviews provided by the FFG Advisor Representatives, the Cambridge home office also reviews transaction suitability for accounts managed by FFG Advisor Representatives. Cambridge also conducts due diligence reviews of custodians and third party Investment Advisers approved for solicitation by FFG Advisor Representatives.

### ***Statements and Reports***

Clients will receive confirmations of purchases and sales in their accounts and will receive quarterly and/or monthly statements containing account information such as account value, transactions and other relevant account information. Confirmations and statements are prepared and delivered from either the product sponsor or account custodian. Clients may also receive periodic reports reflecting the performance of their investment portfolio over a specified period.

FFG offers performance reporting solutions to its FFG Advisor Representatives who utilize the Cambridge Investment Management Platform.

Performance reports are generated from the following Cambridge-approved consolidated reporting system:

**CIR Statements (through Albridge).** CIR Statements is Cambridge's primary account consolidation and performance reporting service. The use of CIR Statements enables Cambridge and FFG to better supervise the performance reporting process and monitor activity in client accounts. Clients may also have electronic access to their portfolio and may be able to view and/or print select portfolio investment information.

FFG urges clients to review the contents of these custodial statements and compare them against the reports provided directly from FFG or FFG Advisor Representatives.

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

### ***Compensation Paid for Client Referrals***

#### ***Solicitors – Referring Parties***

FFG and its Advisor Representatives **does not** directly or indirectly compensate anybody for client referrals.

#### ***Other Compensation***

FFG Advisor Representatives, in their separate capacities as Registered Representatives of Cambridge, may receive commissions from the execution of securities transactions. In addition, FFG Advisor Representatives may receive 12b-1 fees from certain mutual fund companies as outlined in the fund's prospectus. 12b-1 fees come from fund assets, therefore, indirectly from client assets. The receipt of such fees could represent an incentive for the FFG Advisor Representatives to recommend funds with 12b-1 fees over funds that have no fees or lower fees. As a result, there is a potential conflict of interest. When managing ERISA and qualified accounts, FFG Advisor Representatives must lower or offset the management fee by the amount of 12b-1 fees and other commissions received in the event such types of compensation are received by the FFG Advisor Representatives in their individual capacities as Registered Representatives of Cambridge.

FFG Advisor Representatives that are licensed insurance agents receive commissions and other incentive awards for the recommendation and/or sale of annuities, life insurance and other insurance products. The receipt of this compensation may affect the judgment of FFG's Advisor Representatives when recommending insurance products to their clients.

While FFG's Advisor Representatives endeavors at all times to put the interests of their clients first as a part of FFG's fiduciary duty, clients should be aware that the receipt of commissions and additional compensation itself creates a conflict of interest, and may affect the judgment of FFG Advisor Representatives when making recommendations.

## **Item 15 – Custody**

Custody, as it pertains to an investment adviser, has been defined by the SEC as having access or control over client funds and/or securities, but does **not** include the ability to execute transactions in client accounts. Custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody for purposes of the Investment Advisers Act of 1940 and must ensure proper procedures are implemented.

Based on the SEC's definition, FFG is not deemed to have custody over FFG's advisory accounts. Clients must provide written authorization for funds to be distributed from their accounts. Other compliance controls include the following:

1. FFG has established procedures to ensure all client funds and securities are held at a qualified custodian (for example: Pershing) in a separate account for each client under that client's name.
2. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained.
3. Account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements. When clients have questions about their account statements, they should contact their FFG Advisor Representative or the qualified custodian preparing the statement. Clients may also receive reports regarding their accounts from FFG or their FFG Advisor Representative. Clients are urged to compare any reports generated and delivered from FFG or their FFG Advisor Representative against the account statements delivered from the qualified custodian.
4. FFG is subject to annual audits conducted by Cambridge. FFG also undergoes an annual audit by an independent firm to review FFG's procedures.

\*\* Please note that payment for fees, securities and any other items cannot be made payable to a FFG Advisor Representative, their staff members or entities owned by the FFG Advisor Representative. By written agreement, fee payments are payable to FFG and processed by Cambridge in order to facilitate compliance oversight of its Registered Representatives. Payment for the purchase of securities and for the purpose of funding an account must be made payable to the account's qualified custodian. The qualified custodian for a FFG client account will never be FFG or the FFG Advisor Representative.

### **Item 16 – Investment Discretion**

Upon receiving written authorization from a client, FFG Advisor Representatives can provide discretionary investment management services for client accounts. When discretionary authority is granted, it is limited to discretionary trading authority. When discretionary trading authority is granted, the FFG Advisor Representative will have the authority to determine the type of securities and the amount of securities that can be bought or sold in an account without obtaining the client's consent prior to each transaction. FFG's discretionary authority will be granted by the client in the investment management client agreement. However, it is the policy of FFG to consult with the client prior to making significant changes in the account even when discretionary trading authority is granted by the client.

Although discretionary trading authority may result in the purchase of or the deposit of "load" products in a client's account, it is FFG's policy to offset the "load", if any, or a portion thereof, against the management fee.

If you decide to grant trading authorization on a **non-discretionary** basis, your FFG Advisor Representative is required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject your FFG Advisor Representative's investment recommendations including:



- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, your FFG Advisor Representative will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or are slow to respond to your FFG Advisor Representative, it can have an adverse impact on the timing of trade implementations and your FFG Advisor Representative may not achieve the optimal trading price.

All clients have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. Clients may also place reasonable limitations on the discretionary power granted to FFG and FFG Advisor Representatives, so long as the limitations are specifically set forth or included as an attachment to the client agreement.

FFG Advisor Representatives may elect to purchase fixed income securities through fixed income broker/dealers in order to obtain a better price for the client and then have the bonds delivered into the client's brokerage account. This practice can be referred to as trading away. This is the only case in which a FFG Advisor Representative may select a broker/dealer to be used without specific client consent. The client's primary broker/dealer and custodian may charge the client a transaction fee for trading away through other broker/dealers.

You are encouraged to discuss with your Advisor Representative the positives and negatives of authorizing discretion on your accounts.

### **Item 17 – Voting Client Securities**

Investors in publicly traded company and in some other investments will have the opportunity to participate in certain actions by the company or the investment. This is often referred to as "proxy-voting" or participating in corporate actions. The following are important disclosures regarding FFG's proxy-voting policies and procedures.

- Please know that FFG and its Advisor Representatives do **not** vote proxies and other corporate actions on behalf of our clients. It is your responsibility to vote all proxies for securities held in accounts being managed by FFG.
- If an account is maintained on behalf of a plan subject to ERISA, the client must know that proxy voting is considered to be a plan asset and that FFG, as the investment manager, has the obligation to make certain all proxies are voted unless the plan document (not this Disclosure Brochure) states that the right to vote proxies has been reserved to the plan trustees. Because we do not vote proxies, you must ensure the applicable ERISA-plan documents reserve to the plan trustees the right to vote proxies and that the client will maintain exclusive responsibility for determining all proxy voting decisions.
- Clients will receive proxy materials directly from the client's custodian or transfer agent.

- Although we do not vote proxies, we permit our Advisor Representatives to answer questions you may have regarding proxy voting materials in an effort to assist you in determining how to vote the proxy. However, the final decision of how to vote the proxy rests solely with you, the client. It is the decision of each FFG Advisor Representative to consult with his/her clients regarding proxy decisions; therefore not all FFG Advisor Representatives will consult with their clients on proxy matters.

With respect to accounts established through a third party Investment Adviser, the third party Investment Advisers may provide proxy-voting services on a client's behalf. For a description of the third party Investment Adviser's proxy voting policy, you will need to refer to each third party Investment Adviser's Disclosure Brochure. Clients may request a complete copy of third party Investment Adviser's proxy voting policies and procedures as well as information on how the individual client's proxies were voted by contacting their FFG Advisor Representative.

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

This item is not applicable to this brochure. FFG does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, FFG has not been the subject of a bankruptcy petition at any time (*Please refer to Information Required by Part 2B of Form ADV: Brochure Supplement for more information*).

## **CUSTOMER PRIVACY POLICY NOTICE**

To The Foundry Financial Group, Inc. ("FFG"), protecting your privacy is very important. We value your trust and we want you to understand what information we collect, how we protect it, and how we use it. We treat personal information— nonpublic information that identifies you— with respect, and in accordance with this privacy policy.

### **Information we may collect:**

We may obtain information, much of which comes directly from you, to provide you with products and services you have requested and as we deem appropriate, to determine your eligibility for products or services. We may collect identification and contact information, as well as transaction and investment experience information from applications, transactions with others and us, and from outside companies.

### **Examples of the sources and types of information we may collect include:**

- Information about the products and services you purchase through us, including copies or applications, registration forms, or other forms, containing your name, address, telephone number, social security number, email address, investment objectives, income assets, employment information, and accounts with others;
- Information regarding your brokerage and/or investment advisory transaction history with us, our service providers, such as clearing firms, or other companies; and information that other companies who assist us in marketing our own products and services or products we offer jointly with other financial institutions may have, such as your name, address, and telephone number.
- Information under the USA Patriot Act enacted by the United States Treasury Department and Congress to combat terrorism. (Investor notification is available upon request.)

### **Information we may disclose and to whom we may disclose information:**

FFG does not disclose your personal information to companies or organizations not affiliated with us that would use the information we have provided them to contact you about their own products and services. We may disclose all the personal information we collect, as described above, to companies, such as insurance companies and brokers, banks, broker-dealers and investment advisers that provide services to you on our behalf, in the following types of situations. They are:

- Providing administrative, customer assistance, clearing, operational, or other services;
- Preparing, printing and delivering portfolio management performance reports, confirmation statements, and other documents;
- Executing securities transactions;
- Maintaining or developing software for us; and a financial institution (such as banks, investment advisers, or securities firms) with which we have joint marketing arrangements to jointly endorse or offer financial products or services. FFG will not sell your personal and confidential information to unaffiliated third parties.

### **Disclosures permitted by law:**

We may also disclose all the information we collect as permitted or required by law. For Example, we may disclose information to law enforcement agencies or insurance and securities regulatory agencies.

### **Instructions on how to notify us:**

For any questions regarding this policy, please contact your Registered Representative directly or call The Foundry Financial Group, Inc. at (603) 528-5171.

## **Information Required by Part 2B of Form ADV: *Brochure Supplement – Michael H. Fogarty***

The following are responses to each item found in the Form ADV Part 2B instructions.

### **Item 1 – Cover Page**

All information required in the Form ADV Part 2B instructions can be found on the cover page of this Disclosure Brochure.

### **Item 2 – Educational Background and Business Experience**

Educational Background:

MICHAEL H. FOGARTY, CFP<sup>®</sup>, CLU, ChFC, President,

- University of New Hampshire, BA, 1989.
- Certified Financial Planner (CFP<sup>®</sup>)<sup>1</sup> designation earned in 2000.
- Chartered Life Underwriter (CLU)<sup>2</sup> designation earned in 1998.
- Chartered Financial Consultant (ChFC)<sup>3</sup> designation earned in 2006

Business Background:

- Cambridge Investment Research, Inc., Registered Representative, 2001 to Present
- The Foundry Financial Group, Inc., Chief Compliance Officer, Investment Advisory Representative and President 2004 to Present

### **Item 3 – Disciplinary Information**

As previously stated in Item 9 of this Disclosure Brochure, I have never been subject to a legal or disciplinary event.

### **Item 4 – Other Business Activities**

Please see Item 10 of this Disclosure Brochure for details regarding my other business activities.

### **Item 5 – Additional Compensation**

Other than the fees detailed in Item 5 and Item 14 of this Disclosure Brochure, I receive no other compensation related to advisory services provided to clients.

### **Item 6 – Supervision**

I am the sole affiliate of my investment advisor firm and ultimately responsible for all activities and services provided by my firm. As required by my relationship as a Registered Representative with Cambridge Investment Research all of the firm's investment advisory activities (Financial Plans, Managed Account Transactions, Fee Bills etc.) are submitted for review by Cambridge's compliance staff.

### **Item 7 – Requirements for State-Registered Advisers – Legal and Financial Disclosure**

I have not been the subject of any client arbitrations or similar legal disputes.

<sup>1</sup>**The CERTIFIED FINANCIAL PLANNER<sup>™</sup> (CFP<sup>®</sup>) designation is issued by the CERTIFIED FINANCIAL PLANNER Board of Standards, Inc. It is a voluntary certification recognized by the United States and other countries for its (1) high standard of professional education, (2) stringent**

**code of conduct and standards of practice and (3) ethical requirements governing professional engagements with clients. A candidate for designation must first obtain a Bachelor's Degree from an accredited college or university with courses that included financial planning subject areas (e.g. insurance planning, risk management, employee benefits planning, investment planning, income tax planning, retirement planning and estate planning). Candidates must also have at least 3 years of full-time personal financial planning experience, measured as 2,000 hours per year. CFP® candidates must pass a 2-day comprehensive examination designed to test their ability to correctly diagnose financial planning issues and apply their knowledge to real world circumstances. Candidates must also agree to be bound by the CERTIFIED FINANCIAL PLANNER Board's Standards of Professional Conduct. Anyone earning designation as a CFP® must complete 30 hours of continuing education every two years and renew the agreement to be bound by the Standards of Professional Conduct.**

<sup>2</sup>**The Chartered Financial Consultant (ChFC) designation is issued by The American College. A candidate for designation must have 3 years of full-time business experience within the 5 years before the designation is awarded. Candidates must complete 6 core and 2 elective courses and pass a proctored final exam for each course. Designates must complete 30 hours of continuing education every 2 years.**

<sup>3</sup>**The Chartered Life Underwriter (CLU) designation is issued by The American College. A candidate for designation must have 3 years of full-time business experience within the 5 years before the designation is awarded. Candidates must complete 5 core and 3 elective courses and pass a proctored exam for each course. Designates must complete 30 hours of continued education every 2 years.**