

# The Fiduciary Group Part 2A of Form ADV The Brochure

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This brochure provides information about the qualifications and business practices of Fiduciary Services Corporation d/b/a/ The Fiduciary Group (“TFG”). If you have any questions about the contents of this brochure, please contact us 912-303-9000. 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 TFG is also available on the SEC’s website at:  
[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Material Changes

TFG made only three material changes to Part 2 of Form ADV in March of 2012:

1. The fee schedule for separately managed accounts has been revised to lower fees at higher asset levels.
2. The fee schedule for 401(k) plans has been revised to lower the fees at higher asset levels.
3. Spencer Wheeler is no longer an investment manager at The Fiduciary Group. His biography and any references to him have been removed.

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## Advisory Business

TFG was founded in 1970 and is owned by Malcolm L. Butler, President of TFG. As of December 31, 2010 TFG managed \$435,237,190 in assets on behalf of approximately 300 clients, of which \$411,512,480 was managed on a discretionary basis.

TFG primarily provides customized investment management services to high-net-worth individuals, trusts, estates, pension and profit sharing plans, and other legal entities. These accounts are managed as separately managed accounts. TFG also serves as a fiduciary investment advisor under ERISA Section 3(38) to participant-directed 401(k) Profit Sharing Plans. The

principals of TFG also serve in their individual capacity as Trustees of trusts and Executors of wills.

#### Separately Managed Accounts

Ongoing investment supervisory activities for Separately Managed Accounts include the rendering of investment advice and counseling; investment management; asset allocation; selection and discretionary trading of equities, fixed income, and other instruments; and active portfolio management and review. TFG works with each client to establish an appropriate investment policy statement (IPS) based on the client's objectives, unique circumstances, time horizon, and risk tolerance. Clients can impose reasonable restrictions on TFG's management of their accounts. TFG generally invests client assets in domestic and international stocks, bonds, mutual funds, and exchange traded funds ("ETFs").

#### Participant-Directed 401(k) Plans

In performing fiduciary advisory services for participant-directed 401(k) plans, The Fiduciary Group is a fiduciary and an Investment Manager under ERISA. Fiduciary advisory services for 401(k) plans include:

1. Discretionary authority to select, monitor, remove, and replace the investment alternatives available to Plan participants under the terms of the Plan. TFG screens mutual funds using a proprietary filtering process based on generally accepted investment theories.
2. Discretionary authority to develop and amend a formal written Investment Policy Statement (IPS), which establishes the specific standards and processes for investment operations of the Plan.
3. Construction and management of asset-allocation model portfolios from which participants may choose. These asset allocation model portfolios utilize the underlying investment options made available to Plan participants. Models are constructed to provide each of the following five strategies: Conservative, Moderate Conservative, Moderate, Moderate Growth, and Growth. The allocation of asset classes within each Model Portfolio is based on generally accepted investment theories.

The Fiduciary Group does not provide fiduciary investment advisory services to participants at a participant level, only at the Plan level. However TFG provides investment education to participants so that participants may choose an allocation strategy or construct a portfolio from the available mutual funds that meets their needs, objectives, time horizon, and risk tolerance.

#### Trustee and Executor Appointments

When requested, the principals of The Fiduciary Group serve as Trustee (in the case of general or specific purpose trusts) or Executor (in the case of Estates). All fiduciary appointments are held by the firm's principals individually, for a separately contracted trustee's or executor's fee. When serving as Executor, the individual advisor performs all acts required under the terms of the Will including probating the Will; identifying, gathering, managing, and protecting probate assets; determining personal and estate tax liabilities; and distributing the estate and making final settlement among all beneficiaries according to the Will or special instructions of the deceased.

When serving as Trustee, the individual advisor performs all duties required under the terms of the special or general purpose trust. The Trustee manages the trust assets for the beneficiaries according to the terms the grantor has set forth in the trust agreement. The Trustee must use his or her best judgment to carry out the grantor's directions and prudently manage the trust assets for the beneficiary. The Trustee also performs all administrative duties involved in managing the trust. As Trustee, the individual advisor contracts with The Fiduciary Group to serve as discretionary investment manager for the trust assets.

## Fees and Compensation

TFG charges an annual investment management fee based on the schedules listed below. Once a fee schedule has been signed by a client, it is not changed without prior notice to the client.

Compensation is payable only after service is provided on a quarterly basis, or semi-quarterly basis in the case of 401(k) plans. No fees are payable in advance. All accounts are terminable at will at any time and fees are payable only for work performed prior to termination. Clients receive a statement each quarter, or semi-quarterly in the case of 401(k) plans, itemizing fees and explaining the calculation. For most clients, fees are deducted automatically from assets under management after the end of each quarter or semi-quarter, simultaneous with the issuance of the fee statement.

TFG does not have any arrangements, oral or in writing, where it is paid in cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients. TFG is not directly or indirectly compensated by any person for client referrals.

### Separate Account Management Fee Schedule

The Investment Management services fee for both discretionary and non-discretionary accounts is an annual rate of 1.00% of the value of the account for assets up to \$1 million, and a tiered rate for balances over \$1 million as provided below, billed on a quarterly basis. Each account is revalued on the last day of each quarter and the account is billed for one-quarter of the total annual fee.

The Fiduciary Group Standard Fee Schedule					
Tier Begin	Tier End	Tier End Fees		Cumulative at Tier End	
		% Rate	\$ Rate	% Rate	\$ Rate
\$ -	\$ 1,000,000	1.00%	\$ 10,000	1.00%	\$ 10,000
\$ 1,000,000	\$ 3,000,000	0.90%	\$ 18,000	0.93%	\$ 28,000
\$ 3,000,000	\$ 5,000,000	0.70%	\$ 14,000	0.84%	\$ 42,000
\$ 5,000,000	\$ 10,000,000	0.60%	\$ 30,000	0.72%	\$ 72,000
\$ 10,000,000	\$ 20,000,000	0.50%	\$ 50,000	0.61%	\$ 122,000
\$ 20,000,000	\$ 40,000,000	0.40%	\$ 80,000	0.51%	\$ 202,000
\$ 40,000,000	\$ 60,000,000	0.35%	\$ 70,000	0.45%	\$ 272,000
\$ 60,000,000	\$ 80,000,000	0.30%	\$ 60,000	0.42%	\$ 332,000
\$ 80,000,000	\$ 100,000,000	0.25%	\$ 50,000	0.38%	\$ 382,000
\$ 100,000,000	\$ 120,000,000	0.20%	\$ 40,000	0.35%	\$ 422,000

In extraordinary circumstances, such as concentrated holdings with low cost basis, the nature of the particular duties involved with account management, length or nature of client relationship, or other unique factors, fees may be negotiated appropriately.

Bill pay services are available upon request for an additional \$50-150 per quarter. Depending on the amount of assets under management and complexity of personal transactions, the amount of the quarterly fee for bill pay may be negotiated appropriately.

In rare instances, due to the particular nature of the work requested by the client in non-managed or non-discretionary accounts, we may perform analyses and offer investment consultation for a fixed fee or hourly rate.

TFG charges fees quarterly in arrears based on the account value at the end of the prior quarter. Most clients authorize TFG to deduct fees automatically from their brokerage accounts, but clients may request that TFG send quarterly invoices to be paid by check.

In all accounts, for marketable securities, the prices provided by custodians or, if unavailable, by publically available sources, are used for client reporting and fee billing. While we make every effort to obtain balances directly from the custodian of clients' assets, for certain accounts with outside brokers or custodians, TFG may request that the client regularly provide TFG with copies of client's account statements. In some instances, precise account balances are unavailable to TFG on a timely basis. Our billing in those situations is therefore based on the most current information available to TFG when fees are calculated. TFG does not independently value any private securities held in client accounts. The financial information provided on a regular reporting basis by the issuer of private securities will be used as the basis for client reporting and billing. This valuation is determined independently of TFG.

The fees charged by TFG are separate and distinct from any fees which may be charged by mutual funds which could be recommended. A description of those fees and expenses is available in each fund's prospectus. TFG does not receive any commissions from, or share revenues with, any mutual fund managers. TFG's fees are also separate from any custodial or trading fees.

Unless otherwise agreed, the minimum annual fee is \$3500 per client relationship (\$875 per quarter) and \$600 per account annually (\$150 per quarter).

#### Participant Directed 401(k) Plan Fee Schedule

In the 401(k) plans for which we provide plan-level fiduciary investment management, the maximum fee is 0.80% for plans with less than \$1,000,000 in assets. The fee as a percentage of assets reduces as plan assets increase, per the following schedule:

<b>When Plan Assets Reach</b>	<b>Rate</b>
\$0 - \$999,999	0.800%
\$1,000,000 - \$1,499,999	0.750%
\$1,500,000 - \$1,999,999	0.700%
\$2,000,000 - \$2,499,999	0.650%

\$2,500,000 - \$2,999,999	0.600%
\$3,000,000 - \$3,499,999	0.550%
\$3,500,000 - \$4,499,999	0.500%
\$4,500,000 - \$5,499,999	0.450%
\$5,500,000 - \$6,499,999	0.400%
\$6,500,000 - \$9,999,999	0.350%
\$10,000,000 - \$14,999,999	0.300%
\$15,000,000 - \$19,999,999	0.250%
\$20,000,000 +	0.200%

In addition to TFG's investment management fees, 401(k) plans and plan participants may bear record keeping, administrative, mutual fund management, and custodial fees, which are charged separately by other service providers in the 401(k) platform, as itemized in the fee proposal. A description of mutual fund management fees and expenses is available in each fund's prospectus. TFG does not receive any commissions from, or share revenues with, mutual fund managers or any other service providers in the 401(k) platform. All commissions which are part of the mutual fund managers' expense are rebated to plan participants to offset plan expenses.

#### Executor Fee Schedule

Executor fees are payable to the individual named Executor. On all assets includable in the gross estate for federal estate tax purposes, the following rates shall apply:

- 2.0% on the first \$ 400,000
- 1.0% on the next \$ 600,000
- .50% on all over \$1,000,000

Valuation of assets is based upon amounts as finally determined for Federal Estate Tax purposes. Where Federal Estate Tax is not applicable, the valuation shall be fair market value at date of death.

#### Trustee Fee Schedule

The annual fee for Trustee services (payable to the individual named Trustee) is 0.25% over and above the Investment Management services fee per the tiered rate schedule of The Fiduciary Group, and includes all normal and customary duties associated with administering and reporting on the trust account according to the terms of the trust. The minimum annual fee for trust services is \$1250. All fees are billed quarterly. When special services are required for either estate or trust administration, appropriate reasonable additional charges will apply. Services not contemplated in our basic fee rates include, but are not limited to, litigation, operation or supervision of a going business, valuation, and other special services relating to assets with limited marketability and/or not passing under the Wills or Trust document. If out of town travel is required, the account will be billed for reasonable travel and out-of-pocket costs.

## **Performance Based Fees and Side-by-Side Management**

TFG does not charge any performance fees.

Some investment advisers experience conflicts of interest in connection with the side-by-side management of accounts with different fee structures. However, these conflicts of interest are not applicable to TFG.

## **Types of Clients**

TFG primarily provides customized investment management services to high-net-worth individuals, trusts, estates, pension and profit sharing plans, and other legal entities. These accounts are managed as separately managed accounts. TFG also serves as a fiduciary investment advisor under ERISA Section 3(38) to participant-directed 401(k) Profit Sharing Plans. The principals of TFG also serve in their individual capacity as Trustees of trusts and Executors of wills.

TFG's minimum account size is generally \$500,000, but this minimum may be waived under certain circumstances, such as where the client has a viable path for reaching the minimum account value within a reasonable period of time, or where the client is related to a client whose account substantially exceeds the minimum account value. The average consolidated account size across all client relationships as of March 1, 2012 was \$1.415 million.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

### Method of Analysis and Investment Strategies

TFG's Chief Investment Officer, Joel P. Goodman, and Research Analyst and Investment Manager, Scott McGhie, work together to conduct fundamental analysis on all securities recommended for client accounts. This analysis varies depending on the security in question. Sources for information include Bloomberg and Morningstar, among other global data or research providers; annual reports, prospectuses, and filings with the Securities and Exchange Commission; and financial newspapers, magazines, and on-line news sources. For stocks and bonds the analysis generally includes a review of:

- The issuer's financial statements, including the balance sheet, income statement, cash flow statement, as well as any material changes from historical norms;
- Prospects for the issuer's industry, as well as the issuer's competitive position within that industry;
- Valuation of the security; relative valuation to peer group; and historical valuation; and
- Any other factors considered relevant.

For mutual funds the analysis generally includes a review of:

- The fund's management team;
- The fund's historical risk and return characteristics;
- The fund's exposure to sectors and individual issuers;
- The fund's fee structure; and
- Any other factors considered relevant.

For ETF's the analysis generally includes a review of:

- The fund's historical risk and return characteristics;
- The fund's exposure to sectors and individual issuers;
- The fund's fee structure; and
- Any other factors considered relevant.

TFG's Investment Committee is led by Joel Goodman, the Chief Investment Officer, and also includes Malcolm L. Butler, President, Julia L Butler, Chief Operating & Compliance Officer, and Scott McGhie, Research Analyst and Investment Manager. The Investment Committee generally meets weekly to discuss existing and prospective investments. Investments are evaluated independently, as well as in the context of clients' existing holdings and sector exposures.

TFG primarily invests for relatively long time horizons. However, market developments could cause TFG to sell securities more quickly. On occasion, short term purchases (securities sold within a year) are used to implement investment strategies.

#### Risk of Loss – General

All investing involves a risk of loss, and the investment strategy offered by TFG could lose money over short or even long periods. Performance could be negatively impacted by a number of different market risks including, but not limited to, that the portfolio management techniques used by TFG may not produce the desired results. This could cause accounts to decline in value. In addition, TFG may rely on information that turns out to be wrong. TFG selects investments based, in part, on information provided by issuers to regulators or made directly available to TFG by the issuers or other sources. TFG is not always able to confirm the completeness or accuracy of such information, and in some cases, complete and accurate information is not available. Incorrect or incomplete information increases risk and could result in losses.



## Potential Risks of Investing in Securities, Including Securities Purchased in Mutual Funds and ETFs

**Stock Market Risk** - Stock market risk is the possibility that stock prices overall will decline over short or extended periods. Markets tend to move in cycles, with periods of rising prices and periods of falling prices.

Investing in small- and medium-sized companies involves greater risk than is customarily associated with more established companies. Stocks of such companies may be subject to more volatility in price than larger company securities.

**Foreign Securities Risk** - Foreign securities are subject to the same market risks as U.S. securities, such as general economic conditions and company and industry prospects. However, foreign securities involve the additional risk of loss due to political, economic, legal, regulatory, and operational uncertainties; differing accounting and financial reporting standards; limited availability of information; currency conversion; and pricing factors affecting investment in the securities of foreign businesses or governments.

**Interest Rate Risk** - Bonds also experience market risk as a result of changes in interest rates. The general rule is that if interest rates rise, bond prices will fall. The reverse is also true: if interest rates fall, bond prices will generally rise. A bond with a longer maturity (or a bond fund with a longer average maturity) will typically fluctuate more in price than a shorter term bond. Because of their very short-term nature, money market instruments carry less interest rate risk.

**Credit Risk** - Bonds and bond mutual funds are also exposed to credit risk, which is the possibility that the issuer of a bond will default on its obligation to pay interest and/or principal. U.S. Treasury securities, which are backed by the full faith and credit of the U.S. Government, have limited credit risk, while securities issued or guaranteed by U.S. Government agencies or government-sponsored enterprises that are not backed by the full faith and credit of the U.S. Government may be subject to varying degrees of credit risk. Corporate bonds rated BBB or above by Standard & Poor's are generally considered to carry moderate credit risk. Corporate bonds rated lower than BBB are considered to have significant credit risk. Of course, bonds with lower credit ratings generally pay a higher level of income to investors.

**Liquidity Risk** - Liquidity risk exists when a particular security is difficult to trade. A mutual fund's investment in illiquid securities may reduce the returns of the mutual fund because the mutual fund may not be able to sell the assets at the time desired for an acceptable price, or might not be able to sell the assets at all.

**Call Risk** - Many fixed income securities have a provision allowing the issuer to repay the debt early, otherwise known as a "call feature." Issuers often exercise this right when interest rates are low. Accordingly, holders of such callable securities may not benefit fully from the increase in value that other fixed income securities experience when rates decline. Furthermore, after a callable security is repaid early, a mutual fund would reinvest the proceeds of the payoff at current interest rates, which would likely be lower than those paid on the security that was called.

Objective/Style Risk - All of the mutual funds are subject, in varying degrees, to objective/style risk, which is the possibility that returns from a specific type of security in which a mutual fund or manager invests will trail the returns of the overall market.

U.S. Government Agency Securities Risk - Securities issued by U.S. Government agencies or government-sponsored entities may not be guaranteed by the U.S. Treasury. If a government-sponsored entity is unable to meet its obligations, the securities of the entity could be adversely impacted.

## **Disciplinary Information**

TFG and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

## **Other Financial Industry Activities and Affiliations**

TFG and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

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

TFG has adopted a written code of ethics that is applicable to all employees. Among other things, the code requires TFG and its employees to act in clients' best interests, abide by all applicable regulations, avoid even the appearance of insider trading, and pre-clear and report on many types of personal securities transactions. TFG's restrictions on personal securities trading apply to employees, as well as employees' family members living in the same household. A copy of TFG's code of ethics is available upon request.

TFG's employees are generally permitted to trade alongside client accounts as long as they receive the average price that is applicable to clients and pay their share of any transaction costs. However, no employees are allowed to participate in partially filled orders until all clients' orders have been filled. The Chief Compliance Officer monitors employee trading, relative to client trading, to ensure that employees do not engage in improper transactions.

TFG maintains a buy list of securities that are being considered for client accounts, as well as securities already held in client accounts. Preclearance from the Chief Compliance Officer is required for any personal trades to be executed prior to 3 p.m. EST whether or not it appears on the buy list, and for any trade executed at any time greater than \$50,000 in value and/or if the security has a market capitalization less than US \$2 billion. The Chief Compliance Officer does not grant preclearance where it would appear that an employee's trading could disadvantage TFG's clients.

## Brokerage Practices

### Schwab Advisor Services

For most clients, TFG recommends the establishment of brokerage accounts with Charles Schwab & Co., Inc., a registered broker-dealer, to maintain custody of clients' assets and to effect trades for their accounts.

#### *Products and Services Available to TFG from Schwab*

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like TFG. They provide TFG and its clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help TFG manage or administer clients' accounts, while others help TFG manage and grow its business. Schwab's support services generally are available on an unsolicited basis (TFG does not have to request them) and at no charge as long as TFG's clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If TFG's clients collectively have less than \$10 million in assets at Schwab, Schwab may charge TFG quarterly service fees of \$1,200. Following is a more detailed description of Schwab's support services:

#### *Services that Benefit Clients*

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which TFG might not otherwise have access or that would require a significantly higher minimum initial investment by TFG's clients.

#### *Services that May Not Directly Benefit Clients*

Schwab also makes available other products and services that benefit TFG but may not directly benefit clients. These products and services assist TFG in managing and administering TFG's clients' accounts. They include investment research, both Schwab's own and that of third parties. TFG may use this research to service all or a substantial number of its clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of TFG's fees from TFG's clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

### *Services that Generally Benefit Only TFG*

Schwab also offers other services intended to help TFG manage and further develop its business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to TFG. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide TFG with other benefits, such as occasional business entertainment of TFG personnel.

### *TFG's Interest in Schwab's Services*

The availability of these services from Schwab benefits TFG because TFG does not have to produce or purchase them. TFG does not have to pay for Schwab's services so long as TFG's clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon TFG committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give TFG an incentive to recommend that clients maintain accounts with Schwab, based on TFG's interest in receiving Schwab's services that benefit TFG's business rather than based on clients' interests in receiving the best value in custody services and the most favorable execution of transactions. This is a potential conflict of interest. TFG believes, however, that its recommendation of Schwab as custodian and broker is in the best interests of clients. TFG's selection is primarily supported by the scope, quality, and price of Schwab's services. TFG has over \$400 million in client assets under management, and it does not believe that recommending clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

### *Directed Brokerage*

Clients may have a pre-established relationship with a broker and they will instruct TFG to execute all transactions through that broker. In directing the use of a particular broker or dealer, clients may lose out on certain benefits that may otherwise be obtained and it should be understood that TFG will not have authority to obtain volume discounts. Consequently, if the client selects its own broker or dealer to execute transactions for the client's account, the client may forfeit more favorable commission and execution rates and more favorable execution than would be the case if it utilized the broker or dealer recommended by TFG. Clients who direct that trades be placed through a selected broker may also be disadvantaged as to the time the trades are placed, in that if a particular security is being bought or sold for multiple client accounts, TFG

will typically place all of the trades for clients at Schwab before trades are placed through other brokers.

The assets of all 401(k) plans for which The Fiduciary Group provides fiduciary investment management are held in custody at Charles Schwab Trust Company. Record keeping is provided by The Retirement Plan Company.

#### The Selection of Trading Counterparties

TFG can typically trade accounts held at Schwab using other broker/dealers. However, Schwab charges clients trade-away fees that TFG believes outweigh any benefits from trading stocks, mutual funds, or ETFs with other brokers. The availability and pricing of bonds varies more widely, so prior to placing a bond trade, TFG solicits bids from several dealers and then executes the trade with the dealer that offers sufficient liquidity and the most favorable pricing.

For clients who elect to have their accounts held by firms other than Schwab, TFG's approach is generally to trade stocks, mutual funds, and ETFs with the chosen custodian, and to trade bonds with the dealer that offers sufficient liquidity and the most favorable pricing.

#### Best Execution Reviews

On at least an annual basis TFG's Chief Compliance Officer and other senior executives evaluate the pricing and services offered by Schwab and other trading counterparties with those offered by other reputable firms. TFG has sought to make a good-faith determination that Schwab and other chosen trading counterparties provide clients with good services at competitive prices. Historically TFG has concluded that Schwab is as good as, or better than, the other firms that have been considered.

#### Aggregated Trades

TFG typically aggregates client trades in an effort to treat all clients fairly. Clients participating in a bunched order receive the same average price and incur trading costs that are the same as would be paid if they were traded individually. Employees may be included side-by-side in bunched client trades. If an order is partially filled, clients will have their orders fully filled on a randomized basis; TFG will seek to complete any unfilled client orders on the next trading day. Employees are excluded from bunched trades whenever client orders are only partially filled.

#### Client Referrals

TFG does not compensate Schwab or any other custodian or broker/dealer for referring client accounts.

### **Review of Accounts**

Accounts under TFG's management are monitored on an ongoing basis by the Investment Committee members and the Chief Compliance Officer. The Investment Committee members review each account in detail at least annually, as well as in connection with each client meeting. On at least a quarterly basis the Investment Committee members and the Chief Compliance Officer review the clients' quarterly portfolio appraisal reports, including reports that are designed to identify accounts that are outside the expected ranges for returns, exposure to asset classes, and

exposure to industry sectors. Reviews of client accounts will also be triggered if a client changes his or her investment objectives, or if the market, political, or economic environment changes materially.

Mutual fund positions are monitored on a monthly basis, or intra-monthly if circumstances such as the departure of a fund manager, arise. If a fund is changed out in the 401(k) plans we manage, it is changed out in all portfolios holding that position.

TFG provides quarterly portfolio appraisal reports for all separate account management clients, unless the client requests an appraisal report on a monthly basis. Quarterly reports include asset allocation, portfolio values, cost basis, unrealized gain/loss, time weighted return performance, change in value since last reported period, management fee report, and a summary transaction report of any receipts and disbursements. TFG's investment management team review all client portfolio appraisals before they are mailed out, to determine whether the account is in line with expectations and the IPS, and to define the action, if any, to be taken during the following quarter.

Clients receive at least quarterly statements from their qualified custodian reflecting all balances and transactions. In 401(k) plans for which TFG serves as the fiduciary investment advisor, the record keeper provides quarterly reports to the plan sponsor and all participants, as well as daily valued account information via their participant and plan sponsor access website.

## **Client Referrals and Other Compensation**

TFG does not pay any portion of its advisory fees to anyone in connection with the referral of a client to TFG. TFG does not share its fee with anyone, nor does TFG share in the fees of any service providers or professionals with whom it collaborates or works on a client's behalf.

Other than the previously described products and services that TFG receives from Schwab, TFG does not receive any other economic benefits from non-clients in connection with the provision of investment advice to clients.

## **Custody**

All clients' accounts are held in custody by unaffiliated broker/dealers or banks, but TFG can access many clients' accounts through its ability to debit advisory fees. For this reason TFG is considered to have custody of client assets. For accounts where the clients have requested that a principal of TFG serve as Power of Attorney, Trustee, or Executor, TFG is deemed to have implied custody over those assets.

Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements, and should compare these statements to any account information provided by TFG. For all accounts over which TFG has implied custody (other than the ability to debit advisory fees), TFG has a surprise verification conducted by an independent Certified Public Accountant. The reports of such verifications are available on [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Investment Discretion**

TFG has investment discretion over most clients' accounts. Clients grant TFG trading discretion through TFG's advisory contract. This means that TFG has the client's authority to determine, without obtaining specific client consent, the securities to be bought and sold, the amount of securities to be bought and sold, the broker or dealer to be used, and the commission rates paid.

In rare instances, TFG will serve as a non-discretionary investment advisor. In those cases, a special addendum to the contract is executed stating that the relationship is a non-discretionary relationship, which means that trades cannot be placed except under the client's advance consent.

Clients can place reasonable restrictions on TFG's investment discretion. For example, some clients have asked TFG not to buy securities issued by companies in certain industries, or not to sell certain securities where the client has a particularly low tax basis.

## **Voting Client Securities**

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Investment Advisers Act, TFG has adopted and implemented written policies and procedures governing the voting of client securities. All proxies that TFG receives will be treated in accordance with these policies and procedures.

TFG considers the reputation, experience, and competence of a company's management and board of directors when it evaluates a prospective investment. In general, TFG votes in favor of routine corporate matters, such as the re-approval of an auditor or a change of a legal entity's name. TFG also generally votes in favor of compensation practices and other measures that are in-line with industry norms, that allow companies to attract and retain key employees and directors, that reward long-term performance, and that align the interests of management and shareholders.

TFG has not identified any material conflicts of interest in connection with past proxy votes. Such a conflict could arise if, for example, a client was a senior executive with a publicly traded company and other clients held securities issued by that company. Absent specific client instructions, if TFG identifies a material conflict of interest it will follow the procedures outlined in its proxy voting policies.

A copy of TFG's proxy voting policies and procedures, as well as specific information about how TFG has voted in the past, is available upon written request. Upon written request, clients can also take responsibility for voting their own proxies, or can give TFG instructions about how to vote their respective shares.

## **Financial Information**

TFG has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts. Therefore, TFG has no disclosure relevant to this item.

# The Fiduciary Group Part 2B of Form ADV The Brochure Supplement

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This brochure supplement provides information about Malcolm Butler, Joel Goodman, Julia Butler, Scott McGhie. It supplements TFG's accompanying Form ADV brochure. Please contact TFG's Chief Compliance Officer, Julia Butler, at 912-447-6870 if you have any questions about the Form ADV brochure or this supplement, or if you would like to request additional or updated copies of either document.

Additional information about Messrs. Butler, Goodman, and McGhie, and Ms. Butler is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



## **Malcolm Butler's Biographical Information**

### Educational Background and Business Experience

Malcolm Butler was born in 1958. He received a Bachelor of Arts degree from Duke University in 1980 and a Juris Doctor degree from the University of Georgia School of Law in 1985. Mr. Butler began working at The Fiduciary Group as an investment manager in 1980, and assumed his current role as President and Chief Executive Officer in 1995. In addition to his investment and business management responsibilities, Mr. Butler has served as Executor or Trustee in several hundred trusts and estates.

### Disciplinary Information

Mr. Butler has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Butler or of TFG.

### Other Business Activities

Mr. Butler is not engaged in any other investment related businesses. He serves as the President of Managed Industries, a private holding company whose principal asset is a paper and chemical distribution company, which has independent operational management.

### Additional Compensation

Mr. Butler does not receive economic benefits from any person or entity other than TFG in connection with the provision of investment advice to clients.

### Supervision

As TFG's President and Chief Executive Officer, Mr. Butler maintains ultimate responsibility for the company's operations. Mr. Butler discusses investment decisions with the Chief Investment Officer and the other Investment Committee members. Operational decisions are discussed with TFG's Chief Operating and Compliance Officer, Julia Butler, and Chief Investment Officer, Joel Goodman. Any of these individuals can be reached directly by calling the telephone number on the cover of this brochure supplement.

## **Joel Goodman's Biographical Information**

### Educational Background and Business Experience

Joel Goodman was born in 1968. He received a Bachelor of Business Administration degree, *magna cum laude*, from the University of Georgia in 1991. He received a Masters degree in Business Administration from Duke University in 1997. Mr. Goodman earned the Chartered Financial Analyst ("CFA") designation in 2000.

Chartered Financial Analyst Minimum Qualifications: The Chartered Financial Analyst (CFA) designation is an international professional certification issued by the CFA Institute (formerly AIMR) to qualified candidates who complete a series of three examinations. To become a candidate for a CFA charter, candidates must meet one of the following requirements: 1) Undergraduate degree and four years of professional experience involving investment decision-making, or; 2) Four years qualified work experience (full time, but not necessarily investment

related). Candidates may become a CFA Charterholder if they successfully pass three course exams, Levels 1, 2, and 3. The CFA Institute has stated that the average candidate may need approximately 250 hours of study for each of the three levels. The CFA curriculum includes these topic areas: Ethical and Professional Standards; Quantitative Methods (such as the time value of money, and statistical inference); Economics; Financial Reporting and Analysis; Corporate Finance; Analysis of Investments (stocks, bonds, derivatives, venture capital, real estate, etc.); Portfolio Management and Analysis (asset allocation, portfolio risk, performance measurement, etc.). CFA Charterholders are also obligated to adhere to a strict Code of Ethics and Standards governing their professional conduct.

Mr. Goodman has worked with The Fiduciary Group since 2003, initially as TFG's Portfolio Manager, and as the Chief Investment Officer since 2006. Prior to joining The Fiduciary Group, Mr. Goodman was Vice President, Equity Research, at Legg Mason Wood Walker, Inc. from 1998 to 2003.

#### Disciplinary Information

Mr. Goodman has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Goodman or of TFG.

#### Other Business Activities

Mr. Goodman is not engaged in any other investment related business, and does not receive compensation in connection with any business activity outside of TFG.

#### Additional Compensation

Mr. Goodman does not receive economic benefits from any person or entity other than TFG in connection with the provision of investment advice to clients.

#### Supervision

Mr. Goodman's investment recommendations are supervised by TFG's CEO, Mr. Butler. Mr. Goodman's activities are also overseen by the Chief Operating and Compliance Officer, Julia Butler. Any of these individuals can be reached directly by calling the telephone number on the cover of this brochure supplement.

## **Julia Butler's Biographical Information**

#### Educational Background and Business Experience

Julia Butler was born in 1957. She received a Bachelor of Arts, *Phi Beta Kappa*, in 1979 from Emory University, a Juris Doctor degree *magna cum laude* from the University of Georgia School of Law in 1982, and a Masters degree *with Distinction* in Business Administration in 1993 from The Wharton School of Business.

Ms. Butler joined The Fiduciary Group in 2006, initially as a business management consultant, and subsequently as Chief Compliance Officer & Director of Client Services. In May of 2008, Ms. Butler assumed her current role as Chief Operating and Compliance Officer. In addition to her business management and compliance responsibilities for The Fiduciary Group, Ms. Butler

manages the firm's 401(k) practice, serving as an investment advisor to the plan and working directly with plan sponsors and participants. Between 1995 and 2005, Ms. Butler was a senior executive with Philips Consumer Electronics in Europe and the U.S. Prior to that, she practiced law in Seattle, Washington for 10 years.

#### Disciplinary Information

Ms. Butler has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Ms. Butler or of TFG.

#### Other Business Activities

Ms. Butler is not engaged in any other investment related business, and does not receive compensation in connection with any business activity outside of TFG.

#### Additional Compensation

Ms. Butler does not receive economic benefits from any person or entity other than TFG in connection with the provision of investment advice to clients.

#### Supervision

Ms. Butler's activities are supervised by TFG's CEO, Malcolm Butler, and are also overseen by the Chief Investment Officer, Joel Goodman. Any of these individuals can be reached directly by calling the telephone number on the cover of this brochure supplement.

## **Scott McGhie's Biographical Information**

#### Educational Background and Business Experience

Scott McGhie was born in 1980. He received a Bachelor of Science degree *magna cum laude* in Accounting in 2002 from Southern New Hampshire University, and a Masters in Finance from Bentley College in 2005. Mr. McGhie became licensed as a Certified Public Accountant in 2005. He is a 2012 Level III CFA Candidate.

Certified Public Accountant (CPA) Minimum Qualifications: CPA is the statutory title of qualified accountants in the United States who have passed the Uniform Certified Public Accountant Examination and have met additional state education and experience requirements for certification as a CPA. In most U.S. states, only CPAs who are licensed are able to provide to the public attestation (including auditing) opinions on financial statements. In order to become a CPA in the United States, a candidate must sit for and pass the Uniform Certified Public Accountant Examination (Uniform CPA Exam), which is set by the American Institute of Certified Public Accountants and administered by the National Association of State Boards of Accountancy. In addition to the CPA exam, most states also require the completion of a special examination on ethics and that specific education and work experience minimums are met. CPAs are also required to take continuing education courses in order to renew their license. Requirements vary by state but the majority of states require 120 hours of CPE every 3 years with a minimum of 20 hours per calendar year.

Mr. McGhie has served as an investment manager and securities analyst with The Fiduciary Group since August 2008. Previously he was an Equity Associate Analyst with UBS Securities (2007 – August 2008), and a Supervisory Senior Auditor with Ernst & Young from 2005 to 2007.

#### Disciplinary Information

Mr. McGhie has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. McGhie or of TFG.

#### Other Business Activities

Mr. McGhie is not engaged in any other investment related business, and does not receive compensation in connection with any business activity outside of TFG.

#### Additional Compensation

Mr. McGhie does not receive economic benefits from any person or entity other than TFG in connection with the provision of investment advice to clients.

#### Supervision

Mr. McGhie's investment recommendations are supervised by TFG's Chief Investment Officer, Joel Goodman. Mr. McGhie's activities are also overseen by the Chief Operating and Compliance Officer, Julia Butler. Any of these individuals can be reached directly by calling the telephone number on the cover of this brochure supplement.