

**Part 2A of Form ADV: *Firm Brochure***

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This brochure provides information about the qualifications and business practices of Financial Trust Asset Management, Chartered. If you have any questions about the contents of this brochure, please contact us at 561-391-8188 or [amayer@financialtrust.net](mailto:amayer@financialtrust.net). 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 Financial Trust Asset Management, Chartered also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 108998.

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

## **Item 2    Material Changes**

The SEC adopted new rules and rule amendments under the Investment Advisers Act of 1940 to implement provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act. As a result, we are no longer eligible for SEC registration. We are in the process of switching from federal to state oversight, and the transition must be complete by June 28, 2012. Once the transition is complete, our investment advisory business will be regulated by the Florida Office of Financial Regulation.

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## **Item 4     Advisory Business**

Financial Trust Asset Management, Chartered is a state-registered investment adviser with its principal place of business located in Florida. Financial Trust Asset Management, Chartered began conducting business in 1989.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- Arno Otto Mayer, President, CEO, Director, Chief Compliance Officer

Financial Trust Asset Management, Chartered offers the following advisory services to our clients:

### **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable annuities
- Mutual fund shares
- United States governmental securities
- Options contracts on securities

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

## **INVESTMENT SUPERVISORY SERVICES ("ISS") MODEL PORTFOLIO MANAGEMENT**

Our firm provides portfolio management services to clients using proprietary and non proprietary model portfolios. Each model portfolio is designed to meet a particular investment goal.

### **PROPRIETARY EQUITY STRATEGIES/PORTFOLIOS**

#### **American Leaders™**

The American Leaders Strategy invests in the top 25 stocks in the Standard & Poor's 500 as ranked by market capitalization. The portfolio is equally weighted among the top 25 stocks. On a quarterly basis the portfolio is reweighted and rebalanced to reflect any changes in the top 25 stocks.

#### **American Disciplined Equity™**

The American Disciplined Equity Strategy invests in the highest rated stocks within each of the 12 industry sectors of the Standard & Poor's 500. Stocks within each sector are ranked according to FTAM's proprietary rating system which compares the companies in 3 broad areas. Our EarningsMomentum index ranking compares each company's revenue and net income growth in each of the last 3 years. The Profitability + Quality index ranking compares profitability and quality factors such as return on equity, return on assets, profit margin, and financial leverage. Our ValueMomentum index ranking compares valuation and momentum, rating each stock by low price to sales ratio and high 1 year, 3 month, and 1 month momentum factors. The scores are then combined to come up with an overall rating. The ADE portfolio is invested on an equally weighted basis in the top 20% of the stocks in each industry sector with industry weights that are kept equal to the S & P 500. On a quarterly basis the portfolio is rebalanced.

#### **American Disciplined Mid-Cap Equity™**

The American Disciplined Mid-Cap Equity Strategy invests in the highest rated stocks within each of the 12 industry sectors of the Standard & Poor's 400. Stocks within each sector are ranked according to FTAM's proprietary rating system which compares the companies in 3 broad areas. Our EarningsMomentum index ranking compares each company's revenue and net income growth in each of the last 3 years. The Profitability + Quality index ranking compares profitability and quality factors such as return on equity, return on assets, profit margin, and financial leverage. Our ValueMomentum index ranking compares valuation and momentum, rating each stock by low price to sales ratio and high 1 year, 3 month, and 1 month momentum factors. The scores are then combined to come up with an overall rating. The ADM portfolio is invested on an equally weighted basis in the top 20% of the stocks in each industry sector with industry weights that are kept equal to the S & P 400. On a quarterly basis the portfolio is rebalanced.

#### **American Disciplined Small Cap Equity™**

The American Disciplined Small Cap Equity Strategy invests in the highest rated stocks within each of the 12 industry sectors of the Standard & Poor's 600. Stocks within each sector are ranked according to FTAM's proprietary rating system which compares the companies in 3 broad areas. Our EarningsMomentum index ranking compares each company's revenue and

net income growth in each of the last 3 years. The Profitability + Quality index ranking compares profitability and quality factors such as return on equity, return on assets, profit margin, and financial leverage. Our ValueMomentum index ranking compares valuation and momentum, rating each stock by low price to sales ratio and high 1 year, 3 month, and 1 month momentum factors. The scores are then combined to come up with an overall rating. The ADS portfolio is invested on an equally weighted basis in the top 20% of the stocks in each industry sector with industry weights that are kept equal to the S & P 600. On a quarterly basis the portfolio is rebalanced.

#### **International Leaders**<sup>TM</sup>

The International Leaders Strategy invests in the 50 largest international stocks based on market capitalization. All the stocks in the International Leaders Strategy trade on U.S. based exchanges. The portfolio is equally weighted among the 50 stocks. On a quarterly basis the portfolio is reweighted and rebalanced to reflect any changes in the top 50 international stocks by market cap.

#### **International ValueMomentum**<sup>TM</sup>

The International ValueMomentum Strategy invests in 35 international stocks each with market capitalization greater than 2 billion. Our ValueMomentum index ranks companies based on low price to sales ratio and high 1-year relative strength. Stocks also must have positive returns in the preceding month and quarterly earnings which are higher than the same quarter in the previous year. All of the stocks in the strategy trade on U.S. based exchanges. The portfolio is equally weighted among the 35 stocks. The portfolio is reweighted and rebalanced on a monthly basis. Portfolio positions are confirmed using the Elliott Wave Theory.

#### **ValueMomentum Leaders**<sup>TM</sup>

The ValueMomentum Leaders Strategy invests in the top 50 large capitalization stocks that comprise the ValueMomentum index. The ValueMomentum index rates stocks according to three factors: low Price/Sales ratio, 1-month relative strength, and 1-week relative strength. In addition, the stocks must have a price to sales ratio that is at least 10% less than the average price to sales of the S&P 500. Companies must also have current quarterly earnings which are higher than the same quarter in the previous year. The portfolio is equally weighted among the top 50 stocks. The portfolio is reweighted and rebalanced on a monthly basis.

#### **Disciplined Dividend Income**<sup>TM</sup>

The Disciplined Dividend Income Strategy invests mainly in equities with high dividend yields. Stocks are first screened for safety factors according to Valueline's safety rating. Next stocks are ranked according to our proprietary YieldMomentum Index (YMI). The YMI looks for stocks that have the best combination of yield and relative strength. Lastly the stocks are ranked according to our Profitability and Quality Index which compares a company's return on equity, return on assets, profit margins, and debt to equity ratios. The portfolio will then hold the 50 highest ranked stocks on an equally weighted basis. The portfolio will be rebalanced and reweighted on a quarterly basis.

#### **Flexible Income**<sup>TM</sup>

The Flexible Income Strategy invests mainly in exchange-traded ishares representing various fixed income segments including Real Estate Investment Trusts, treasury bills, treasury notes, treasury bonds, corporate bonds, high-yield bonds, senior bank loans, inverse bond

ETF's and foreign bonds. FTAM adjusts both the duration and allocation between sectors based on its views regarding relative value and prudent management.

### **Health Value™**

The Health Value strategy invests in health care oriented stocks that exhibit three characteristics: low Price/Sales, high 1-month relative strength and high 1-week relative strength. The portfolio will hold 50 stocks on an equally weighted basis. The portfolio will be reweighted and rebalanced on a monthly basis.

### **Asia ValueMomentum™**

The Asia ValueMomentum Strategy invests in the top 20 stocks that comprise the Asia ValueMomentum index. The Asia ValueMomentum index rates stocks according to three factors: low Price/Sales ratio, 1-month relative strength, and 1-week relative strength. The Asia ValueMomentum strategy invests only in ADR's (American Depositary Receipts) of Asian companies that trade on U.S. exchanges. Companies must also have current quarterly earnings which are higher than the same quarter in the previous year. The portfolio is equally weighted among the top 20 stocks. The portfolio is rebalanced on a monthly basis. Portfolio positions are confirmed using the Elliott Wave Theory.

### **Latin ValueMomentum™**

The Latin ValueMomentum Strategy invests in the top 20 stocks that comprise the Latin ValueMomentum index. The Latin ValueMomentum index rates stocks according to three factors: low Price/Sales ratio, 1-month relative strength, and 1-week relative strength. The Latin ValueMomentum strategy invests only in ADR's (American Depositary Receipts) of Latin companies that trade on U.S. exchanges. Companies must also have current quarterly earnings which are higher than the same quarter in the previous year. The portfolio is equally weighted among the top 20 stocks. The portfolio is rebalanced on a monthly basis. Portfolio positions are confirmed using the Elliott Wave Theory.

### **Europe ValueMomentum™**

The Europe ValueMomentum Strategy invests in the top 20 stocks that comprise the Europe ValueMomentum index. The Europe ValueMomentum index rates stocks according to three factors: low Price/Sales ratio, 1-month relative strength, and 1-week relative strength. The Europe ValueMomentum strategy invests only in ADR's (American Depositary Receipts) of European companies that trade on U.S. exchanges. Companies must also have current quarterly earnings which are higher than the same quarter in the previous year. The portfolio is equally weighted among the top 20 stocks. The portfolio is rebalanced on a monthly basis. Portfolio positions are confirmed using the Elliott Wave Theory.

### **Global Resources™**

The Global Resources Strategy invests in the top 20 stocks that comprise the Global Resources ValueMomentum index. The Global Resources ValueMomentum index rates stocks according to three factors: low Price/Sales ratio, 1-month relative strength, and 1-week relative strength. Companies in the Global Resources ValueMomentum index are natural resource based companies. Companies must also have current quarterly earnings which are higher than the same quarter in the previous year. The portfolio is equally weighted among the top 20 positions. At the portfolio managers discretion we may also invest in exchange traded funds representing natural resources. The portfolio is rebalanced on a monthly basis.

Portfolio positions are confirmed using the Elliott Wave Theory.

### **Global REIT™**

The Global REIT Strategy invests in the top 20 stocks that comprise the Global REIT ValueMomentum index. The Global REIT ValueMomentum index rates stocks according to three factors: low Price/Sales ratio, 1-month relative strength, and 1-week relative strength. Companies in the Global REIT ValueMomentum index are Real Estate Investment Trust based companies. Companies must also have current quarterly earnings which are higher than the same quarter in the previous year. The portfolio is equally weighted among the top 20 stocks. The portfolio is rebalanced on a monthly basis. Portfolio positions are confirmed using the Elliott Wave Theory.

## **NON-PROPRIETARY STRATEGIES/PORTFOLIOS**

### **Standard & Poor's Fair Value Strategy**

Fair Value is Standard & Poor's proprietary stock ranking system that seeks to buy undervalued stocks that have the potential to deliver superior returns over the next six months. The model is composed of two stock selection systems: the fair value model and the neutral model. The fair value model calculates a stock's fair value (the price at which a stock should trade) based on fundamental data such as earnings growth potential, price to book, return on equity and current yield relative to the S&P 500. The neutral model emphasizes factors that produced better performance during the most recent 6 months. The stocks are sold when they fall out of either model. The strategy will hold 20 stocks on an equally weighted basis.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Through personal discussions with the client in which the client's goals and objectives are established, we determine if the model portfolio is suitable to the client's circumstances. Once we determine the suitability of the portfolio, the portfolio is managed based on the portfolio's goal, rather than on each client's individual needs. Clients, nevertheless, have the opportunity to place reasonable restrictions on the types of investments to be held in their account. Clients retain individual ownership of all securities.

Our investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable annuities
- Mutual fund shares