



Part 2A of Form ADV Firm Brochure

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This Brochure provides information about the qualification and business practices of French Wolf & Farr, Inc. ("FWF"). If you have any questions about the contents of this Brochure, please contact us at 404.604.3400 or by email at info@frenchwolffarr.com. 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.

FWF is a registered investment advisor. Registration of an Investment Advisor does not imply any level of skill or training. The oral and written communications of an Advisor provide you with information with which you determine to hire or retain an Advisor.

Additional information about FWF is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

During 2010, the U.S. Securities and Exchange Commission (the "SEC") adopted changes to the substance and format of the disclosure that we are required to make to our clients. This Brochure was prepared according to the SEC's requirements and rules.

This section of the Brochure only addresses material changes since our last delivery or posting on the SEC's public website. We will deliver to clients a summary of all material changes to this Brochure within 120 days after the end of every calendar year. Our Brochure may be requested at any time by calling us at 404.604.3400 or via email at info@frenchwolffarr.com. Additionally, a current Brochure is available to our existing and prospective clients 24 hours a day through the Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov.

There have been no material changes in the areas covered in this Brochure since the last annual update in March of 2011 other than those related to the acquisition of Piedmont Asset Management, LLC and the increase in assets under management:

- At the end of 2011, FWF acquired Piedmont Asset Management, LLC, and Mark A. Stancil joined the firm as a partner.
- FWF has broadened its offering of investment strategies. Broadly, these strategies can be classified according to two groups: Multiple Asset Strategy Portfolios and Traditional Equity and Fixed Income Portfolios.
- The assets under management are updated as of January 1, 2012.

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Advisory Business

French Wolf & Farr, Inc. ("FWF") provides discretionary investment management and wealth advisory services to affluent individuals, families, and institutional investors. The firm was founded in 2006 by Wesley A. French, Michael E. Wolf and Dorsey D. Farr. At the end of 2011, FWF acquired Piedmont Asset Management, LLC, and Mark A. Stancil joined the firm as a partner. FWF is wholly-owned by its four principals.

FWF analyzes the client's balance sheet, investment objectives, liquidity needs and financial goals to develop a customized investment policy, which may include restrictions on investing in certain securities or types of securities. We also advise clients on items such as asset allocation, estate planning, portfolio structure and wealth transfer.

FWF may implement its advice and strategy using a variety of securities, including common stocks, bonds, notes, options, futures, and swaps, as well as pooled investment vehicles such as exchange-traded funds, mutual funds, private investment partnerships, funds of funds, and other similar pools. FWF manages a portion of client's assets on a pooled basis through FWF Partners I, LP (the "FWF Fund"), a private investment partnership of which FWF serves as the general partner.

As of January 1, 2012, FWF managed \$300 million on a discretionary basis on behalf of 96 clients.

Fees and Compensation

FWF's sole source of revenue is based on assets under management using the following fee schedule:

<u>Client's Assets Under Management</u>	<u>Annual Fee %</u>
First \$2 million	1.00%
Next \$3 million	0.80%
Next \$5 million	0.60%
Over \$10 million	0.40%

Fees are payable quarterly in advance. For new accounts, we prorate the fee. Clients may terminate the advisory agreement within five business days after execution and receive a full refund. Either the client or FWF may terminate the agreement upon thirty days' written notice. If the agreement is terminated, the client shall pay any fees owed or, for fees paid in advance, FWF will refund any unearned fees. FWF deducts fees from client accounts by giving instructions to the independent, third party custodian. As the custodian will not do so, each client is

responsible for verifying the accuracy of deducted fee amounts. It is FWF's policy not to negotiate fee rates.

The management fee charged by FWF is separate and distinct from (a) commissions and other transaction charges from third party broker-dealers or custodians (see "Brokerage Practices" below); (b) custody expenses or other charges by the client's custodian; (c) any advisory or other fees assessed by third party money managers; and (d) any advisory and other fees and expenses described in mutual fund prospectuses or investment partnership agreements. The FWF Fund does not charge separate management fees to FWF clients, but all FWF Fund investors bear their proportionate share of the FWF Fund's trading, investment and other operating expenses as described in the FWF Fund's Confidential Private Placement Memorandum (including the attachments thereto and referenced enclosures, the "FWF Fund Memorandum"). Nothing in this Brochure constitutes an offer to sell or the solicitation of an offer to purchase FWF Fund limited partnership interests. Such an offer may be made only pursuant to a copy of the FWF Fund Memorandum addressed to the intended recipient.

Performance-Based Fees and Side-by-Side Management

FWF does not have any performance-based fee arrangements. Because we only have one fee schedule, there are no conflicts of interest or incentives to favor one client account over another.

Types of Clients

FWF works with high net worth individuals, families, trusts, partnerships, foundations, endowments and retirement plans. We offer multi-asset portfolios as well as traditional equity and fixed income portfolios. FWF also serves as the general partner and discretionary investment adviser of the FWF Fund, in which approximately 55% of FWF clients are invested. As a condition for managing new accounts, we generally impose an asset value of \$3 million and above. In some situations, we may accept accounts below the stated asset minimum.

Methods of Analysis, Investment Strategies and Risk of Loss

FWF manages portfolios using a variety of investment strategies. Broadly, these strategies can be classified according to two groups: Multiple Asset Strategy Portfolios and Traditional Equity and Fixed Income Portfolios.

Multiple Asset Strategy Portfolios

FWF manages Multiple Asset Strategy Portfolios for a range of different risk profiles. Many of these portfolios are designed to serve as a surrogate for traditional equity and fixed income portfolios. These strategies range from endowment style portfolios with assertive growth

objectives to fixed income substitutes and other portfolios designed primarily for capital preservation.

FWF builds portfolios using a diverse mix of asset categories, including equity securities (e.g., common stocks), fixed income securities (e.g., bonds issued by sovereign governments and municipalities, government agencies, and corporations), inflation-hedging assets (e.g., real estate securities, commodity-related investments, floating-rate securities, and inflation-linked notes), and hedging strategies (e.g., strategies that take long and short positions in securities). We adjust the mix of these assets based on a client's objectives and tolerance for risk as well as our own views of the risks and opportunities presented by current capital market conditions.

When analyzing investment opportunities and current capital market conditions, FWF uses methods of quantitative analysis designed to highlight assets that are attractively valued and, in our opinion, are priced to deliver returns over the long run that are commensurate with the amount of risk involved. These methods include estimates of prospective returns and estimates of relative returns when compared with other assets that involve a similar degree of risk. We also use trend-based quantitative models that are designed to identify prevailing preferences of other participants in the capital markets. These models also help to confirm turning points in major asset categories and are intended to complement the valuation models described above.

These investment strategies are designed to mitigate risks through their diversified structure and by emphasizing attractive valuations at the point of purchase. Buying when valuations are low provides a margin of safety. However, the strategies we employ are not without risk. Specifically, investments selected based on favorable valuations may take time to deliver desired results. Such investments may cause a portfolio to experience short-term losses or deviations from market benchmarks. Investments selected using trend-based models may produce poor results during volatile periods when investor psychology and capital market movements are subject to unusual volatility.

Traditional Equity and Fixed Income Portfolios

FWF also constructs portfolios built primarily with traditional equity securities (e.g., common stocks) and fixed income securities (e.g., bonds issued by sovereign governments and municipalities, government agencies, and corporations). In some cases, exchange-traded funds ("ETFs") and mutual funds may also be used in portfolio construction.

We build and manage portfolios based on a client's objectives and tolerance for risk as well as our own views of the risks and opportunities presented by current capital market conditions.

For equity investments, FWF employs a "bottom-up", fundamentals based approach. Quantitative screening is used to identify stocks with attractive characteristics of prospective returns and current valuation (e.g., high return on equity, low leverage, low relative P/E,

above-average free cash flow and earnings growth, etc.). These companies undergo a qualitative review utilizing sources such as company reports and filings, publicly available information, and fundamental analysis. Finally, macroeconomic analysis is used to achieve the appropriate weightings among the various economic sectors (e.g., technology, energy, etc.) within the portfolio.

Fixed income investments may be used as a strategic investment, to fulfill liquidity or income needs in a portfolio, or to add a component of capital preservation. In constructing bond portfolios, FWF focuses on diversification and intermediate-term maturities to manage risk. The bond management process includes duration and yield curve management, sector rotation and security selection. FWF generally invests in fixed income securities that are rated investment grade by the various rating agencies.

Clients should recognize that all investments are made based on available information at the time an investment is made and by their nature these decisions must be made in the face of considerable uncertainty. Any investment involves the possible risk of loss. Past performance is not an indication of future return.

Equity investments involve substantial risk of loss, since equity holders fall at the bottom of the corporate capital structure and hold the last claim in the event of a corporate default. Equities have historically provided strong returns over long periods of time, but these strong results have also been associated with both large losses from time to time and long periods of poor returns.

Fixed income securities involve credit risk, interest rate risk, and inflation risk. Credit risk involves the ability of a bond issuer to make interest and principal payments. Interest rate risk involves the exposure of bond prices to changes in market interest rates. Inflation risk involves the erosion of a bond's price or the purchasing power of its face value or coupon payments due to increases in the general price level.

Clients are also referred to the prospectuses of the mutual funds and ETFs in which their accounts invest. Current and prospective FWF Fund investors are referred to the FWF Fund Memorandum that sets out a more detailed discussion of risks associated with those investments.

Disciplinary Information

FWF and its management personnel have not been involved in any legal or disciplinary events that would be material to a client's evaluation of our business or the integrity of our management.

Other Financial Industry Activities and Affiliations

As described above, FWF is the general partner and discretionary portfolio manager of the FWF Fund, an investment limited partnership. The FWF Fund allows FWF clients to access a variety of asset classes, investment managers and investment strategies within a single investment vehicle and in a cost effective and tax efficient manner. FWF clients who invest through the FWF Fund do not pay additional fees. The principals of FWF have invested in the partnership alongside our clients. We do not believe that use of the FWF Fund presents a conflict of interest with respect to our clients. FWF does not have any relationships or arrangements with other financial services companies that pose conflicts of interest.

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

FWF has adopted a Code of Ethics, which is available upon request, to eliminate potential conflicts of interest and to help ensure compliance with applicable provisions of state and federal law. The Code of Ethics, which establishes standards for professional behavior and policies for trading, requires among other things, that employees:

- Reflect the professional standards expected of persons in the investment advisory business.
- Comply with all federal and state securities laws and regulations pertaining to investment advisors.
- Place the interests of FWF's clients ahead of any personal interests.
- Avoid trading, recommending or communicating in or about securities while in possession of material, non-public information.
- Conduct all personal securities transactions in a manner consistent with the trading policies. These policies include prohibited trading periods, preclearance of certain securities transactions and ongoing reporting of securities transactions and holdings.

The principals and employees of FWF may buy or sell securities that are also bought or sold for clients. Our policy is that the interest of the client takes precedence over that of FWF, its affiliates, employees and representatives. See Brokerage Practices section for our policy for aggregated trades.

Brokerage Practices

FWF does not maintain custody of client assets, although we may be deemed to have custody of assets because of our ability to deduct fees from accounts. Client assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (“Schwab”), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab.

Selection of Brokers/Custodians

FWF’s recommendation of a custodian/broker is based on its abilities to hold client assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for accounts)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.)
- Reputation, financial strength, and stability
- Prior service to us and our clients
- Availability of other products and services (see “Products and Services Available From Schwab”)

Brokerage and Custody Costs

For our clients’ accounts that Schwab maintains, Schwab does not charge separately for custody services but is compensated by charging commissions or other fees on trades that it executes or that settle into accounts. Schwab’s commission rates and fees applicable to our client accounts were negotiated. This arrangement benefits our clients because the overall commission rates and fees are lower than they would be otherwise. Even though the account is maintained at Schwab, we can still use, or the client may specifically direct us to use, non-affiliated broker-dealers other than Schwab to execute trades. In addition to commissions, Schwab charges a flat dollar amount known as a “prime broker” or “trade away” fee for each trade that is executed by a different broker-dealer but where the securities bought or the funds from the securities sold

are deposited (settled) into the Schwab account. These fees are in addition to the commissions or other compensation paid to the executing broker-dealer. Because of this, in order to minimize the clients' trading costs, we have Schwab execute most trades. We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of client trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "Selection of Brokers/Custodians").

Products and Services Available From Schwab

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like FWF. Schwab provides FWF and our 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 us manage or administer our clients' accounts; while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us or our clients as long as FWF client accounts at Schwab total at least \$10 million. 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 we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. These services benefit clients and their accounts.

Other Services: While there is no direct link between the investment advice given and the relationship with Schwab, Schwab also makes available to us other products and services that benefit us but may not directly benefit client accounts. These products and services assist us in managing and administering our clients' accounts and may include:

- Access to client account data (such as duplicate trade confirmations and account statements)
- Trade execution and allocation of aggregated trade orders for multiple client accounts (see "Aggregate Trades")
- Research (Schwab's own and that of third parties), pricing and other market data
- Facilitation of fee payments from clients' accounts
- Assistance with back-office functions, recordkeeping, and client reporting

We may use these services to service all or a substantial number of client accounts.

Services That Benefit FWF: Schwab also offers other services intended to help us manage and further develop our 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 us. 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 us with other benefits, such as occasional business entertainment of our personnel.

Our Interest in Schwab's Services

The availability of these services from Schwab benefits FWF because we may not have to produce or purchase them. We don't have to pay for Schwab's services so long as client accounts at Schwab collectively total at least \$10 million. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to recommend that clients maintain accounts with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "Selection of Brokers/Custodians") and not Schwab's services that benefit only FWF. We have \$300 million in assets under management, and we do not believe that recommending our clients to collectively maintain at least \$10 million of those assets at Schwab presents a material conflict of interest.

Aggregate Trades

FWF may aggregate for execution as a single transaction orders for the purchase or sale of a particular security for the accounts of several clients for administrative efficiency, or to seek a lower commission or more advantageous net price. Client accounts participating in aggregated trades will pay a pro rata ticket charge (commission) and will receive the average price for the securities purchased. Clients that specifically direct trades to broker-dealers other than Schwab may be unable to participate in aggregated orders and may be disadvantaged as a result. FWF employees may participate in aggregated trades; provided, however, that if an aggregated order is not completely filled, then FWF employee accounts will be the first accounts not to receive shares.

Review of Accounts

The principals of FWF regularly review client portfolios. These reviews focus on appropriateness of the client's investments, consistency with FWF's current portfolio strategy

and performance of the client's account. Changes in financial situation, investment objectives or risk tolerance are potential triggering factors for further discussion and analysis around the client's investment policy. Other potential causes for change, such as significant cash flows or economic events, are also monitored on an on-going basis.

Each client's custodian is responsible for providing monthly or quarterly detailed account statements including holdings and transactional activity. The custodian also provides trade confirmations, prospectuses, and tax reports such as 1099s. FWF provides quarterly consolidated reports to clients that include an account summary, performance returns, index benchmarks, and asset allocation charts.

Client Referrals and Other Compensation

FWF does not receive compensation nor does it directly or indirectly compensate any person for client referrals.

Custody

Client accounts are held at an unaffiliated, qualified custodian (see discussion of Schwab in the Brokerage Practices section). Schwab sends account statements directly to clients on at least a quarterly basis. Clients should compare these account statements with reports they receive from FWF.

FWF can deduct fees from client accounts and is the general partner of the FWF Fund. For these reasons, FWF indicates in item 9.A.(1) of its Form ADV Part 1A that it has custody of client assets. However, Schwab maintains actual custody of client assets. For item 9.A.(2), which asks for the amount of client funds and securities and total number of clients for which we have custody, the account value of the FWF Fund of \$68.6 million as of December 31, 2011 is reported as one client. Approximately 55% of our clients are limited partners in the FWF Fund as of that date.

Investment Discretion

FWF has discretionary authority to manage accounts on behalf of clients. Our services are provided under an investment advisory agreement executed by both FWF and the client. This agreement authorizes FWF to supervise and direct the portfolio without prior consultation with the client. Any limitations which might be placed on FWF are client-specific and will be noted in the client's file. Such limitations may include the client's liquidity needs, risk tolerance, investment objectives or restrictions on investing in certain securities or types of securities.

Voting Client Securities

FWF has adopted a set of Proxy Voting Policies, which are available upon request, to help ensure shareholder voices are heard in order to influence the direction of publicly-traded companies. FWF will vote proxies, if the client and FWF agree in writing or on account opening paperwork, in the manner that serves the best interests of clients in accordance with this policy. We believe that each proxy proposal should be individually reviewed to determine whether the proposal is in the best interests of clients. Clients may contact FWF to direct the vote in a particular solicitation. We have not identified any conflicts of interest between client interests and our own with respect to voting proxies. Clients can obtain information on how their securities were voted by calling the telephone number on the cover page of this Brochure.

Financial Information

FWF has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.