

## **Firm Brochure**

(Part 2A of Form ADV)

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This brochure provides you with information about the qualifications, business practices, and nature of advisory services of FUSION INVESTMENT GROUP, LLC, all of which should be considered before becoming an advisory client of our firm. Please contact W. Clifford McNary, Jr., Chief Compliance Officer, if you have any questions about this narrative brochure.

The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission ("SEC"), or by any state securities authority.

We are an Investment Adviser registered with the U.S. Securities and Exchange Commission ("SEC"). Additional information about our firm is available on the Investment Adviser Public Disclosure 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 150978.

December 31, 2011

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## **Item 2                      Material Changes**

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**Annual Update**The SEC adopted “Amendments to Form ADV” in July 2010. This Part 2A of Form ADV (“Firm Brochure”), dated December 31, 2011, is our most current document prepared in accordance to the SEC’s new rule requirements and rules. As you will see, this document is narrative format. Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Firm Brochures within 120 days of the close of our business’ fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

### **Summary of Material Changes**

FIG last updated its Firm Brochure on December 1, 2011. It was filed with Form ADV as an other-than-annual update amendment to report a reduction in the amount of assets that the Firm manages. Prior to that filing, FIG’s reported assets under management figure included the assets of the portfolios of McKinley Carter Wealth Management, LLC, an investment adviser with whom FIG had a third party money manager relationship. The December 1, 2011 current assets under management figures do not include or reflect those assets.

All items addressed in this brochure have been updated to reflect FIG’s advisory business as of close of business day, December 31, 2011. FIG has made no other material changes to structure, personnel, or operations.

### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at 800-516-1165 or by email at: [CLIFF@ FUSIONINV.COM](mailto:CLIFF@FUSIONINV.COM)

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## Item 4      **Advisory Business**

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### **A. Firm Description**

Fusion Investment Group, LLC (“FIG”) is an investment management firm that is registered with the U.S. Securities and Exchange Commission (“SEC”) as an investment adviser. It is organized as a Delaware limited liability company that was established in 2009. FIG’s current advisory activities consist of providing discretionary asset management services and investment supervisory services to several investment management vehicles that Fusion Capital Management, LLC (“FCM”, or “General Partner”) began in 2006.

FIG offers investment supervisory services relative to a number of pooled investment vehicles (the “Funds”) that utilize proprietary trading strategies. The Funds are structured as Delaware limited partnerships.

FIG also provides asset management services directly through its Private Access Program and in the form of third party money management services to institutional investors, qualified high net-worth individuals, and financial advisors. It also specializes in providing investment advisory services to several mutual funds.

### **Principal Owners**

The Funds, the General Partner, the Investment Manager, and FMG are all controlled by the same individuals. The General Partner and Investment Manager are both wholly-owned subsidiaries of Fusion Management Group (FMG). Fusion Management Group, LLC (“FMG”) owns Fusion Capital Management (FCM) and FMG also owns controlling interest in Fusion Investment Group (FIG). Scott T. Dooley, W. Clifford McNary, Jr., and R. Scott Umstead are the controlling principals of FMG. Mssrs. Dooley, McNary, and Umstead are also owners of FCM. In addition to serving as managing members of FIG, Mssrs. Dooley, McNary, and Umstead are also executive officers of FIG; Mr. Dooley is Chief Investment Officer (CIO), Mr. McNary is Chief Compliance Officer (CCO) and Chief Administrative Officer (CAO) and Mr. Umstead is President and Chief Executive Officer (CEO).

### **B. Types of Advisory Services**

#### **1. Adviser to Limited Partnerships (the Funds)**

FIG provides investment supervisory services to Global Fusion Partners, L.P. (SEE NOTICE BELOW) and Global Fusion High Alpha, L.P. (the “Funds”), Delaware Limited Partnerships operating as private investment funds. The establishment of Global Fusion Partners, LP and Global Fusion High Alpha, L.P. was sponsored by general partner, Fusion Capital Management, LLC (“FCM”).

**NOTICE REGARDING GLOBAL FUSION PARTNERS, LP: Please be advised that Global Fusion Partners, LP is closed and no longer accepting investors.** The Fund has liquidated all of its investments, and has reinvested the proceeds into a concentrated investment into Fusion Management Group, LLC (“FMG”) and a few other illiquid investments. The investment into FMG will be made pursuant to a separate Private Placement Memorandum. This Fund will no longer invest any of its assets in the Master Fund and Limited Partners should disregard the investment strategy described in this Fund’s Private Placement Memorandum. The

Management Fees and Performance Allocation fees listed herein are not applicable to the Global Fusion Partners, LP.

Investors in the Funds are limited partners (the “Limited Partners”). Limited Partners must generally be both “**accredited investors**” as defined in Regulation D under the Securities Act of 1933 and “**qualified clients**” as defined in Rule 205-3 under the Investment Advisers Act; provided however, that the Funds may accept up to thirty five (35) non-accredited “sophisticated investors” who have such knowledge and experience in financial matters to evaluate the merits and risks of an investment in the Funds.

**This document is neither an offer to sell nor a solicitation of an offer to buy interests in the Funds. Such an investment may be made only after receipt and review of the Funds’ confidential private placement memoranda (the “Memoranda”) and execution of certain agreements. Upon request to FCM, a copy of the Memoranda is available to persons meeting the definitions of both accredited investor and qualified client.**

The Memoranda contains important information concerning risk factors and other material aspects of the Funds and must be read carefully before any decision whether to invest is made. The information in this document is qualified in its entirety by, and should be read in conjunction with, the information contained in the Memoranda.

## **2. Third Party Money Management Services (TPMM)**

FIG provides advice and management services relative to third party money management programs, including Global Fusion Tactical Equity, Global Fusion Total Return, and several Custom Strategies.

Global Fusion Tactical Equity is an actively managed equity strategy based on a GDP-weighted allocation process. The primary benchmark is the MSCI World Index. Global Fusion Total Return is an actively managed tactical fixed income strategy based on a GDP-weighted allocation process. The primary benchmark is a blended benchmark of fifty percent invested in the Barclays Aggregate Bond Index and fifty percent invested in the Barclays Capital Global Treasury ex-US Index.

## **3. Private Access Program**

FIG provides direct advice and discretionary investment management services to qualified clients and institutions in its Private Access Program. This includes Global Fusion Tactical Equity, Global Fusion Total Return, and several Custom Strategies.

## **4. Mutual Funds**

FIG provides advisory services to several Mutual Funds. FIG will be responsible for the investment of the Mutual Funds’ securities portfolios, (subject to review and approval by its Board). This will include: (i) setting the Funds’ overall investment strategies; (ii) monitoring the performance of the Mutual Funds; and (iii) implementing procedures to ensure compliance with the Funds’ investment objectives, policies and restrictions. In addition, FIG intends to provide overlay strategies intended to help manage the portfolio’s overall risk characteristics to be in accordance with achieving the Funds’ objectives as set by FIG and approved by the Board.

### **C. Tailored Relationships**

#### **1. The Funds**

FIG provides investment advisory services to the Funds based on the investment objectives of the Funds. **FIG does not provide tailored investment advice to the Limited Partners in the Funds.**

#### **2. Third Party Money Management Services**

FIG does not provide financial planning services to investors and management of third party assets may not involve investment supervisory services. Managed accounts are monitored on an ongoing basis for performance and adherence to a client's stated objectives; nonetheless, goals for the accounts under management may be formed without consideration of the client's other assets, investments, or other obligations.

#### **3. Private Access Program**

FIG provides direct, discretionary investment advisory services to qualified clients and institutions.

#### **4. Mutual Funds**

FIG provides investment advisory services to the Mutual Funds based on the investment objectives of the Funds. FIG does not provide tailored investment advice to the shareholders in the Mutual Funds.

### **D. Wrap Fee Programs**

FIG does not a participant in and is not a sponsor of any wrap fee program.

### **E. Assets Under Management**

FIG manages \$39,541,449 in client assets on a discretionary basis and non-discretionary basis. This Asset under Management figure is based on calculations as of December 31, 2011. FIG managed a total of \$35,261,217 on a discretionary basis and \$4,280,232 on a non-discretionary basis.

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## **Item 5 Fees and Compensation**

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### **A. Advisory Fees**

#### **1. Limited Partnerships (the "Funds")**

FCM compensates FIG in the form of management fees (the "Management Fee") for rendering advisory services to the Funds. FCM receives performance-based fees (the, "Performance Allocation") derived from each Partner's share of net profits and additional details regarding the compensation terms are as follows:

##### *(a) Management Fees*

FIG's management fee is equal to 1/12<sup>th</sup> of 1.5% (per annum) of the month-end capital account value of each limited partner, prior to any withdrawals or distributions. The capital accounts of non-accredited investors may be charged a higher Management Fee (up to 2% per annum).

### *(b) Performance-Based Fees*

FCM, the General Partner receives a performance profit allocation in an amount equal to twenty percent (20%) of each Partner's share of the Partnership's Net Profits. Such Performance Allocation shall be subject to a loss carry-forward provision ("High Water Mark") so that no Performance Allocation will be deducted from any Partner's Capital Account until prior losses allocated to such Partner have been recouped.

## **2. Third Party Money Management Services**

FIG receives compensation in the form of a management fee (the "Management Fee") for discretionary asset management services in the form of third party money management services. Fees for such services are assessed through the following compensation structures.

### *(a) Management Fees*

(i) FIG earns an investment management fee ("Management Fees") according to the below schedule calculated by the weighted daily average net assets (securities, cash, and cash equivalents) under management ("Net Assets") of client's account, averaged and billed over the relevant quarter.

FIG (TPMM Services) Annual Fee Schedule\*:

Account Range	Total Maximum Annual Fee	Fusion Fee	Effective Fee @ Account Value
First \$2,000,000	2.00%	0.50%	0.50% @ \$2,000,000
Next \$3,000,000	2.00%	0.45%	0.47% @ \$5,000,000
Over \$5 Million	2.00%	0.40%	0.43% @ \$10,000,000

\*FIG households accounts by address of record

\*Custom accounts may incur an additional 0.20% fee

(ii) Investment management fees of up to 2% per annum may be charged on separate account assets referred by a solicitor and will be disclosed in a Separate Written Disclosure pursuant to SEC Rule 206(4)-3.

(iii) FIG earns management fees of less than 1% per annum of assets under management for managed accounts which it serves in the capacity of sub-advisor.

(iv) Performance fees/allocations projected to be 10% to 20% of profits (potentially subject to high water mark provisions).

## **3. Private Access Program**

FIG earns an investment management fee ("Management Fees") for direct, discretionary investment advisory relationships according to the below schedule calculated by the weighted daily average net assets (securities, cash, and cash equivalents) under management ("Net Assets") of client's account, averaged and billed over the relevant quarter.



FIG (Private Access) Annual Fee Schedule:

Account Range	Fusion Fee	Effective Fee @ Account Value
First \$5,000,000	1.00%	1.00% @ \$5,000,000
Next \$10,000,000	0.75%	0.83% @ \$15,000,000
Over \$15 Million	0.50%	0.67% @ \$30,000,000

Under certain circumstances Fusion's fees may be negotiated.

#### **4. The Mutual Funds**

Each Fund pays FIG, on a monthly basis, an annual advisory fee of 0.75% of its average daily net assets. FIG has contractually agreed to reduce its fees and to reimburse expenses at least until July 31, 2014, to ensure that each Funds' total annual fund operating expenses, after fee waiver and/or reimbursement (exclusive of any taxes, leverage interest, borrowing interest, brokerage commissions, expenses incurred in connection with any merger or reorganization, dividend expense on securities sold short, acquired fund fees and expenses or extraordinary expenses such as litigation) will not exceed 1.10% of average daily net assets. These fee waivers and expense reimbursements are subject to possible recoupment from the Funds in future years on a rolling three year basis (within the three years after the fees have been waived or reimbursed) if such recoupment can be achieved within the foregoing expense limits. This agreement may be terminated only by the Funds' Board of Trustees, on 60 days written notice to the Adviser. Fee waiver and reimbursement arrangements can decrease each Funds' expenses and boost its performance.

#### **B. Billing Procedures**

##### **1. The Funds**

###### *(a) Management Fees*

FIG's fee for management of the Funds is paid monthly in arrears. The Management Fee will be appropriately prorated to reflect any capital withdrawals and contributions which occur during a calendar month. FCM, the general partner may, in its sole discretion, reduce, waive, or calculate differently the Management Fee with respect to any Limited Partner, including, without limitation, Limited Partners that are members, affiliates, or employees of the General Partner, members of the immediate families of such persons and trusts or other entities for their benefit.

###### *(b) Performance-Based Fees*

The Performance Allocation is payable to FCM generally after the end of each calendar year; provided, however, Performance Allocations may be made at any time, in the sole discretion of the General Partner, for any Limited Partner who makes a substantial withdrawal. The General Partner reserves the right, in its sole discretion, to reduce, waive, or defer the Performance Allocation with respect to any Limited Partnership Interest.

##### **2. Third Party Money Management Services**

###### *(a) Management Fees*

FIG's fee for third party management services is payable in advance as of the first business day of each quarter and calculated before any accrual for or payment of the Management Fee. FIG is

paid by debiting the client's account (provided debiting is authorized in writing by the client), on a date not later than the tenth (10th) business day after the client's receipt of a correct invoice for such management fees.

### **3. Private Access Program**

#### *(a) Management Fees*

FIG's fee for its Private Access Program is payable in advance as of the first business day of each quarter and calculated before any accrual for or payment of the Management Fee. FIG is paid by debiting the client's account (provided debiting is authorized in writing by the client), on a date not later than the tenth (10th) business day after the client's receipt of a correct invoice for such management fees.

### **4. The Mutual Funds**

Fees are accrued daily and paid on a monthly basis in arrears.

#### **C. Other Fees and Expenses**

There may be additional fees or charges that result from the maintenance of or trading within your account. These fees are imposed by third parties in connection with investments made through the your account, including but not limited to, no-load mutual fund 12(b)-1 distribution fees, certain deferred sales charges on previously purchased mutual funds, IRA and Qualified Retirement Plan fees, and also acquired fund fees and expenses.

If you purchase the Mutual Funds through a broker-dealer or other financial intermediary (such as a bank), the Funds and its related companies may pay the intermediary for the sale of Funds' shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Funds' over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

#### **D. Refund Policy**

**General Policy:** FIG's advisory services may be terminated (1) at any time by either party hereto after giving to the other at least five (5) business days prior written notice of such termination; or (2) by client, without penalty, upon written notice within five (5) business days after entering into the Agreement. Fees paid in advance will be prorated to the date of termination specified in the notice of termination and any unearned portion thereof will be refunded to client.

#### **E. Other Compensation**

FIG does not accept any compensation other than Management Fees and the Performance Allocation Fees as heretofore described.

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

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### **A. Performance-Based Fees**

As stated in item 5A. (b) above, FCM, a related person of FIG receives Performance-Based Fees from the Funds based on calculations at the end of each calendar year.

### **B. Side-by Side Management**

FIG conducts side-by-side management of pooled investment vehicles and managed accounts. These dissimilar investment products are designed for specific types of clients and diverse methods of management are required. For a number of reasons, including compensation variations and allocation of trades, managing side-by-side products may present FIG with potential conflicts of interest. The conflicts may include the incentive to give preferentiality to performance-based fee transactions over other accounts or intentionally allocating trades to increase value of assets thereby generating higher advisory compensation. To mitigate this conflict of interest, we have developed policies and procedures prohibiting allocation of trades based on favorable or unfavorable market fluctuations. FIG's Chief Compliance Officer will review transactions periodically to prevent and detect preferential trade allocation.

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## **Item 7 Types of Clients**

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FIG's current client base includes the Funds, Institutional and Individual Investors for separate account management programs, and several mutual funds.

FCM generally requires Limited Partners in the Funds and participants in TPMM and Private Access Programs to commit \$250,000 as a minimum initial investment. FCM reserves the right, in its sole discretion, to reduce, or waive the minimum initial investment.

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

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### **A. Methods of Analysis and Investment Strategies**

#### **1. The Funds**

The Funds' investment programs are driven by a proprietary fusion investment process. The Fusion Process® is an internally developed multifactor model of quantitative fundamental data and an analysis of behavioral factors, involving the use of technical research and investor sentiment indicators. This model will be used to generate an attractiveness score for a broad range of ETFs. In addition, a qualitative analysis of macro-themes in the global equity markets will be used to develop a broad thesis to coincide with the attractiveness score before an investment decision is finalized.

The Funds' investment objectives are to achieve long-term capital appreciation through various market cycles while outperforming the broad market as defined by the S&P 500 and MSCI World indices with lower volatility. Since the trading strategies to be utilized by FIG are proprietary and confidential, the discussion that follows is of a general nature and not intended to be exhaustive.

In addition, FIG may refine or change the implementation of its strategies without prior notice to or approval by the Partnership.

The General Partner's derived investment strategies consist of a top-down Fusion Process® that integrates fundamental valuation techniques and behavioral finance, with a qualitative global theme. In pursuing its investment strategy, the Partnership will primarily invest in Exchange Traded Funds (ETFs) and options on ETFs. Other securities and derivatives may be purchased by the Partnership, in the discretion of the General Partner. The General Partner will utilize a proprietary multifactor model which processes quantitative and qualitative variables representing certain characteristics of ETFs as well as various macroeconomic indicators. A concentration on understanding the impact of global economic conditions on financial markets will be incorporated in the ETF selection process.

All investment programs have certain risks that are borne by the investor. Investments in the Funds involve a number of significant risks. The risk factors set forth in the Memoranda are those deemed by FIG and FCM to be the most significant. Prospective investors should carefully consider all risks, as there can be no assurance that the Funds will achieve its investment objective or avoid substantial losses. An investor should not make an investment in the Fund with the expectation of sheltering income or receiving cash distributions.

## **2. Third Party Money Management Services/ Private Access Program**

FIG's consistent, disciplined investment model utilized in all of its products integrates three key areas central to its decision-making process built on a foundation of risk management: (a) fundamental valuation; (b) behavioral finance; and (c) global themes. FIG's fundamental valuation is a proprietary multifactor model that screens through fundamental data on ETFs, including P/E and P/B ratios, earnings, growth, dividend yields, and historical risk/return relationships. Behavioral finance involves an analysis of behavioral factors, involving the use of technical research and investor sentiment readings. The global themes approach is an in-depth review of macroeconomic conditions across the world, with a focus on economic indicators, business cycle, and industry/sector trends both domestically and internationally.

## **3. The Mutual Funds**

FIG has developed a proprietary method of integrating both fundamental analysis and behavioral finance into its security selection process. FIG allocates assets and selects individual ETFs using its Fusion Process® strategy which combines long-term fundamental analysis and short-term tactical/behavioral analysis techniques and applies them to investment opportunities throughout the globe. This rigorous *Fusion Process*® of analyzing global markets has enabled the investment management team to take advantage of one of the fastest growing financial products in the marketplace: Exchange Traded Funds (ETFs).

The Fusion Process® strategy proceeds through the following stages:

### **(1) Fundamental Valuation**

FIG runs proprietary multifactor model screens through fundamental data on the securities with each ETF. Among others, these screens include: price-to-earnings ratio, price-to-book value ratio, earnings growth, dividend yield, and historical risk (return volatility)/return relationship.

## (2) Behavioral Finance

FIG conducts an analysis of behavioral factors, involving the use of technical research and investor sentiment readings. These measures focus on historical measures of an ETF's price movement relative strength, money flow into an ETF, and other moving averages describing price patterns.

## (3) Global Economic Analysis

FIG reviews macroeconomic conditions across the world. The review focuses on economic indicators, business cycles, and industry/sector trends to generate an investment outlook for both developed and emerging economies. Next, investment themes for these economies are ranked in order of greatest expected return.

### ***B. Material Risks of Analysis and Investment Strategies***

#### **1. The Funds**

The Partnership's success depends on the General Partner's strategies and the investment manager's ability to implement its investment strategy. Any factor that would make it more difficult to execute more timely trades, such as a significant lessening of liquidity in a particular market, may also be detrimental to profitability. No assurance can be given that the investment strategies to be used by the Partnership will be successful under all or any market conditions.

Although the Partnership intends to be fully invested most of the time, it may increase its cash position to up to 100% of its assets when the General Partner deems it prudent or when a defensive position is warranted in light of market conditions. During such times, investment income will increase and may constitute a large portion of the return and the Partnership will not participate in market advances or declines to the extent that it would have if it had remained fully invested.

A potential investor in the Partnership should note that the prices of the securities and other instruments in which the Partnership invests may be unavailable. Market movements are difficult to predict and are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the inherent volatility of the marketplace. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument and currency markets, and such intervention (as well as other factors) may cause these markets and related investments to move rapidly.

#### **2. Third Party Money Management Services/ Private Access Program**

Risk management is the cornerstone of the FIG philosophy. Notwithstanding the method of analysis or investment strategy employed by our firm, the assets within your portfolio are subject to risk of devaluation or loss. FIG wants you to be aware that there are many different events that can affect the value of your assets or portfolio including, but not limited to, changes in financial status of companies, market fluctuations, changes in exchange rates, trading suspensions and delays, economic reports, and natural disasters.

While this information provides a synopsis of the events that may affect your investments, this listing is not exhaustive. We want you to understand that there are inherent risks associated with investing and depending on the risk occurrence; you may suffer LOSS OF ALL OR PART OF YOUR PRINCIPAL INVESTMENT.

### **3. The Mutual Funds**

Mutual funds involve risk including the possible loss of principal. Global Fusion Funds may experience increased risks and volatility because of shorting techniques. Investors should carefully consider the investment objectives, risks, charges and expenses. This and other important information about the Funds are contained in the prospectus, which can be obtained by calling 855.344.1927. The prospectus should be read carefully before investing. Global Fusion Funds are distributed by Northern Lights Distributors.

The following risks apply to each Mutual Fund, except as noted, through investments in ETFs.

*Emerging Market Risk:* The Fund may invest a portion of its assets in countries with newly organized or less developed securities markets. There are typically greater risks involved in investing in emerging markets securities. Generally, economic structures in these countries are less diverse and mature than those in developed countries and their political systems tend to be less stable. Emerging market economies may be based on only a few industries, therefore security issuers, including governments, may be more susceptible to economic weakness and more likely to default. Emerging market countries also may have relatively unstable governments, weaker economies, and less-developed legal systems with fewer security holder rights. Investments in emerging markets countries may be affected by government policies that restrict foreign investment in certain issuers or industries. The potentially smaller size of their securities markets and lower trading volumes can make investments relatively illiquid and potentially more volatile than investments in developed countries, and such securities may be subject to abrupt and severe price declines. Due to this relative lack of liquidity, the Fund may have to accept a lower price or may not be able to sell a portfolio security at all. An inability to sell a portfolio position can adversely affect the Fund's value or prevent the Fund from being able to meet cash obligations or take advantage of other investment opportunities.

*ETF Risk:* Your cost of investing in the Fund will be higher than the cost of investing directly in ETFs and may be higher than other mutual funds that invest directly in stocks. You will indirectly bear fees and expenses charged by the ETFs in addition to the Fund's direct fees and expenses. Investment in the Fund should be made with the understanding that the ETFs in which the Fund invests will not be able to replicate exactly the performance of the indices, if any, they track because the total return generated by the securities will be reduced by transaction costs incurred in adjusting the actual balance of the securities. In addition, the ETFs in which the Fund invests will incur expenses not incurred by their applicable indices. Certain securities comprising the indices tracked by the ETFs may, from time to time, temporarily be unavailable, which may further impede the ETFs' ability to track their applicable indices. Investment advisers of ETFs may make investment decisions that are detrimental to the performance of the Fund. The market value of ETF shares may differ from their net asset value. This difference in price may be due to the fact that the supply and demand in the market for fund shares at any point in time is not always identical to the supply and demand in the market for the underlying basket of securities. Accordingly, there may be times when shares trade at a premium or discount to net asset value. Each ETF is subject to specific

risks, depending on the nature of the fund. These risks could include liquidity risk, sector risk, and foreign currency risk.

*Foreign Risk:* To the extent the Fund invests in foreign securities, the Fund could be subject to greater risks because the Fund's performance may depend on issues other than the performance of a particular company or U.S. market sector. Changes in foreign economies and political climates are more likely to affect the Fund than a mutual fund that invests exclusively in U.S. companies. The value of foreign securities is also affected by the value of the local currency relative to the U.S. dollar. There may also be less government supervision of foreign markets, resulting in non-uniform accounting practices and less publicly available information. The values of foreign investments may be affected by changes in exchange control regulations, application of foreign tax laws (including withholding tax), changes in governmental administration or economic or monetary policy (in this country or abroad) or changed circumstances in dealings between nations. In addition, foreign brokerage commissions, custody fees and other costs of investing in foreign securities are generally higher than in the United States. Investments in foreign issues could be affected by other factors not present in the United States, including expropriation, armed conflict, confiscatory taxation, and potential difficulties in enforcing contractual obligations. As a result, the Fund may be exposed to greater risk and will be more dependent on FIG's ability to assess such risk than if the Fund invested solely in more developed countries.

*Management Risk:* The ability of the Fund to meet its investment objective is directly related to FIG's Fusion Process® strategy. FIG's assessment of the attractiveness and potential appreciation of particular investments in which the Fund invests, long (or short in the case of the Global Fusion Long/Short Fund), may prove to be incorrect and there is no guarantee that FIG's investment strategy will produce the desired results. Additionally, FIG has not previously managed a mutual fund.

*Market Risk:* The net asset value of the Fund will fluctuate based on changes in the value of the securities in which the Fund invests. The price of ETF securities may rise or fall because of economic or political changes. Stock prices in general may decline over short or even extended periods of time, and tend to be more volatile than other investment choices. Market prices of equity securities in broad market segments may be adversely affected by a prominent issuer having experienced losses or by the lack of earnings or such an issuer's failure to meet the market's expectations with respect to new products or services, or even by factors wholly unrelated to the value or condition of the issuer, such as changes in interest rates.

*Portfolio Turnover Risk:* The frequency of a Fund's transactions will vary from year to year. Increased portfolio turnover may result in higher brokerage commissions, dealer mark-ups and other transaction costs and may result in taxable capital gains. Higher costs associated with increased portfolio turnover may offset gains in a Fund's performance. The Fund's portfolio turnover is expected to be over 100% annually, as the Fund is actively traded.

*Short Sale Risk:* (Global Fusion Long/Short Fund only) The Fund engages in short selling activities, which are significantly different from the investment activities commonly associated with conservative stock funds. Positions in shorted securities are speculative and more risky than "long" positions (purchases). You should be aware that any strategy that includes selling securities short could suffer significant losses. Short selling will also result in higher transaction costs (such as interest and dividends), which reduce the Fund's return, and may result in higher taxes.

*Smaller and Medium Capitalization Securities Risk:* Direct investments in individual smaller and medium capitalization companies may be more vulnerable than larger, more established organizations to adverse business or economic developments. In particular, smaller capitalization companies may have limited product lines, markets, and financial resources and may be dependent upon a relatively small management group. These securities may trade over-the-counter or listed on an exchange and may or may not pay dividends.

**C. Recommendation of Specific Types of Securities**

FIG recommends specific types of securities which include but are not limited to pooled investment vehicles, managed accounts and the mutual funds. These are sophisticated investments designed for investors who have the knowledge and experience in financial matters to evaluate the merits and risks of such investments.

All investments should be formed only as a part of a complete investment program and an investor must be able to bear the loss of its entire investment. Prospective investors are urged to consult with their own financial, tax and legal advisors before investing in the Funds or TPMM programs offered by FIG.

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## **Item 9                      Disciplinary Information**

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Neither FIG, its management nor related persons has been involved in legal nor disciplinary events related to past or present investment clients.

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

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**A. Financial Industry Activities**

FIG is not a registered broker-dealer and does not have an application pending to register as a broker-dealer. Furthermore, none of FIG's management or supervised persons is registered representatives of, or has applications pending to register as representatives of, a broker-dealer.

**B. Financial Industry Affiliations**

FIG is not registered as, and does not have pending applications to register as, a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor. Furthermore, none of FIG's management or supervised persons is registered as, or has an applications pending to register as, associated persons of the foregoing entities.

**C. Other Material Relationships**

Fusion Investment Group (FIG) is a wholly owned entity of Fusion Management Group (FMG). FCM is the General Partner of the Funds; all entities are under common control by nature of Mssrs Dooley's, McNary's, and Umstead's ownership of both entities. Additionally both entities are owned by Fusion Management Group, LLC (FMG.)

FMG is issuing investment interests to Limited Partners in Global Fusion Partners, LP pursuant to a side letter arrangement. FMG is the sole shareholder of Fusion Capital



Management (FCM) and Fusion Investment Group. The Fund's investment in FMG will carry substantial risks and may result in a loss of the Fund's entire investment.

Our Memorandum contains explicit information concerning important conflicts of interest and other material aspects of the Fund. The Memorandum must be read carefully before making any decision regarding investing. The information herein is qualified in its entirety by, and should be read in conjunction with, the information contained in the Memorandum.

**D. Other Investment Advisers**

FIG does not have arrangements with other investment advisers that are material to its clients or advisory business.

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

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**A. Description of Code of Ethics**

All employees of FIG must act in an ethical and professional manner. In view of the foregoing and applicable provisions of relevant law, FIG has adopted a Code of Ethics to specify and prohibit certain types of transactions deemed to create conflicts of interest (or the potential for or the appearance of such conflicts), and to establish reporting requirements and enforcement procedures relating to personal trading by FIG personnel. FIG's Code of Ethics, which specifically deals with professional standards, insider trading, personal trading, gifts and entertainment, and fiduciary duties, establishes ideals for ethical conduct based upon fundamental principles of openness, integrity, honesty, and trust. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

**B. Participation or Interest in Client Transactions**

FIG recommends to its investment advisory clients or prospective investment advisory clients who are qualified clients as defined by SEC 275.205-3, the purchase or sale of the interests in the Funds. FIG earns both a management fee and a performance-based incentive fee from the Funds and management fees from managed account services. FIG will provide written notification to clients advising of such conflicts of interest.

**C. Proprietary Trading**

At times, FIG or related persons may buy or sell for our own accounts securities that have also been recommend for the Funds or managed accounts. However, any purchase or sale of a security by FIG or a related person will be subject to FIG's fiduciary duty to the Funds, TPMM and Private Access Program. FIG will always document any transactions that could be construed as a conflict of interest. To mitigate or remedy any conflicts of interest or perceived conflicts of interest, FIG will monitor trading reports for adherence to our Code of Ethics. Additionally, records of all security transactions by FIG and related persons will be maintained at FIG's office.

**D. Simultaneous Trading**

From time to time, representatives of FIG or related persons may buy or sell securities for themselves at or around the same time of the Funds, TPMM or Private Access Program. In any instance where similar securities are bought or sold, we will uphold our fiduciary duty by always transacting on behalf of our client before transacting for our own benefit.

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## **Item 12            Brokerage Practices**

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### **A.    Selection and Recommendation**

#### **1. The Fund**

With regard to the Funds, FCM will have complete discretion regarding the selection of broker for the Funds and the amount of brokerage commissions and fees paid to such brokers, and this determination may be based upon, (including, but not limited to), the following factors where the best execution (price) is likely to be obtained; a brokerage firm's research and investment ideas that directly impact the Funds' portfolios; a firm's ability to properly execute any orders (based on the size of the trade and its complexity to execute); and the operational aspects of the brokerage firms' back office (will the Fund receive payment of securities on a timely basis) and custodian or other administrative services. Brokerage fees paid by the Fund to its broker will vary and may be greater than those typical for other investment funds similar to the Funds if FCM has determined that the research, execution and other services rendered by a particular broker merit greater than typical fees.

FCM as General Partners and, FIG as Investment Adviser to the Funds, has selected NorthPoint Trading Partners, LLC, a registered broker-dealer, a member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and the Securities Investor Protection Corp. ("SIPC"), to provide prime brokerage services to the Funds, with clearing and execution through Goldman Sachs Execution & Clearing, LP. FIG utilizes Fidelity Investments a registered broker-dealer, a member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and the Securities Investor Protection Corp. ("SIPC"), to provide brokerage services to the TPMM programs participants.

#### **2. Third Party Money Management Services/ Private Access Program**

With regards to separate accounts or third party money management services, FIG may have discretion or make recommendations with respect to the selection of brokers. The objective in selecting brokers and dealers and in effecting portfolio transactions is to seek to obtain the best combination of price and execution with respect to a Fund's portfolio transactions even though such execution may involve higher costs than might be available elsewhere. The best net price, giving effect to brokerage commissions, spreads and other costs, is normally an important factor in this decision, but a number of other judgmental factors are considered as they are deemed relevant.

The factors may include, but are not limited to:

- Knowledge of negotiated commission rates and spreads currently available.
- The nature of the security being traded.
- The size and type of the transaction.
- The nature and character of the markets for the security to be purchased or sold.
- The desired timing of the trade.
- The activity existing and expected in the market for the particular security.
- Confidentiality.
- The execution, clearance and settlement capabilities of the broker-dealer.
- Broker-dealer's access to order flow and ability to place difficult trades.

- The reputation and perceived soundness of the broker-dealer selected.
- Knowledge of actual or apparent operational problems of any broker-dealer.
- The broker-dealer's execution services rendered on a continuing basis and in other transactions.
- The reasonableness of the spreads and commissions.
- Provision of research or other information.

Transactions may involve specialized services on the part of the broker-dealer involved resulting in higher commissions or their equivalents than would be the case with transactions requiring more routine services. The reasonableness of commissions is based on the broker-dealer's ability to provide professional services, competitive commission rates, research and other services that will help in providing investment management or advisory services.

### **3. The Mutual Funds**

Northern Lights Distributors, LLC, 4020 South 147th Street, Omaha, Nebraska 68137, is the distributor for the shares of the Funds. Northern Lights Distributors, LLC is a registered broker-dealer and member of the Financial Industry Regulatory Authority, Inc. ("FINRA"). Shares of the Funds are offered on a continuous basis.

#### **B. Soft Dollars**

FIG may generate "soft dollars" with respect to the Fund's trades, if it does; FIG intends to comply with the "safe harbor" of Section 28(e) of the Securities Exchange Act of 1934, as amended. Under "soft dollar" arrangements, one or more of the brokerage firms would provide or pay the costs of certain services, equipment or other items for the benefit of the Fund, FIG, or one or more of its affiliates in consideration of allocation to the broker-firm securities transactions (with resulting commission income) made on behalf of the Fund on both an agency and net basis. Although these soft dollar arrangements may benefit the Fund and FIG by reducing its expenses, the amount of the Management Fees payable to FIG will not be reduced. FIG believes, however, that to the extent it makes allocations to brokerage business with soft dollar arrangements, these would generally enhance the Fund's ability to obtain research, optimal execution and other benefits to the Fund.

FIG has not received research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions. It has not generated "soft dollars" benefits as of the date of this Brochure.

#### **C. Brokerage for Client Referrals**

FIG does not receive client referrals from third parties for recommending the use of specific broker-dealer's services.

#### **D. Directed Brokerage**

##### **1. The Funds**

FIG investment advisory services involve managing a pooled investment vehicle, heretofore described as, the Fund. Due to the structure of pooled investment vehicles, directed brokerage arrangements are not applicable to nor affect the investment management policies of FIG.

##### **2. Third Party Money Management Services & Private Access Program**

(a) FIG routinely recommends that clients utilize Fidelity Investments. Our arrangement with Fidelity is designed to maximize efficiency and cost effectiveness for our clients. By requiring

clients to use our specific custodian, we seek to achieve most favorable results relative to costs, trade allocation, and rebalancing client assets.

(b) FIG also permits clients to direct brokerage. If clients have their own preferred broker-dealer, we will notify the broker-dealer of our advisor-client relationship. Please be aware, however, when clients are permitted to direct brokerage, we may not be able to effect transactions in the most cost effective manner. Furthermore, we may be limited in our ability to aggregate transactions and clients may in turn, incur greater costs associated with brokerage transactions.

### **3. The Mutual Funds**

The Trust prohibits the direct or indirect use of the Mutual Funds' portfolio transactions to compensate any broker or dealer for any promotion or sale of Fund shares.

#### **E. Order Aggregation**

FIG may, at times, aggregate sale and purchase orders of securities for the Funds, TPMM and Private Access accounts with similar orders for the other accounts in order to obtain the best pricing averages and minimize trading costs. This practice is reasonably likely to result in administrative convenience or an overall economic benefit to these programs based on an evaluation that the accounts are benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions or a combination of these and other factors. Our policies and procedures mandate aggregating multiple orders and aggregate orders will be allocated to accounts in a systematic non-preferential manner.

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## **Item 13      Review of Accounts**

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#### **A. Periodic Reviews**

FIG reviews the TPMM and Private Access programs and the Funds' investment programs including current holdings, on a continual basis. FIG reviews the TPMM and Private Access accounts and the Funds' investment programs to analyze rates of return, allocation of assets and to verify that the Funds' portfolio is consistent with its investment objective. The reviews are conducted by Scott Dooley, the Chief Investment Officer (CIO) of FIG.

#### **B. Other Review Factors**

Reviews may also be triggered by substantial market fluctuation, economic or political events, or by changes in your financial status (such as retirement, termination of employment, relocation, or inheritance).

#### **C. Reports**

FIG provides every Limited Partner and Shareholders in the Funds with monthly unaudited reports reviewing the Funds' investment activities, beginning balances, and monthly performance. Audited financial statements are provided to Limited Partners and Shareholders annually, within 120 days of the end of the fiscal year.

Clients who invest in the TPMM and Private Access Program, will receive a monthly brokerage account statements and a quarterly performance report that includes a Management Fee Notification, showing the Average Daily Balance, the computed fee, any adjustment to the fee with explanations for such, and the net fee to be deducted at the beginning of the billing period

from the client's brokerage account. All investment statements showing account activity and balances are provided online by Fidelity Investments on a monthly basis.

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

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### **A.    Economic Benefits for Advisory Services Rendered**

The Firm does not receive an economic benefit (such as sales awards or other prizes) from any third party for providing investment advice or other advisory services to its clients.

### **B.    Compensation for Client Referrals**

Selling remuneration or referral fees may be paid in connection with any referral of a potential TPMM program client who becomes a client of FIG or potential investor who becomes a limited partner in the Funds. In such instance, FIG may reallocate a portion of its Management Fee to third parties who have made such introductions, or FIG may use its own resources to compensate third parties for such introductions.

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## **Item 15      Custody**

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### **A.    Custodian of Assets**

#### **1. The Funds**

FIG has indirect custody of client assets because it has the ability to deduct advisory fees payable to it, and has a general power of attorney over the Funds' accounts. Accordingly, FIG will (1) follow all applicable custody rules and/ or regulations and (2) amend its Form ADV and Brochure as required.

#### **2. Third Party Money Management Services & Private Access Program**

FIG has indirect custody of client assets because it has the ability to deduct advisory fees payable to it. The physical assets of the Funds, TPMM and Private Access Program participants are held in an account with qualified custodians. See Item 12 for additional information.

#### **3. Mutual Funds**

Under the definition of custody above, FIG is not deemed to have custody of client funds or securities. However, in the event that FIG is deemed to have custody as such, FIG will comply with the Custody Rule.

### **B.    Account Statements**

Statements for TPMM and Private Access Program participants will be mailed or made available electronically by the account custodian. These statements should be reviewed carefully, comparing asset values, holdings, and advisory fees to that in previously received statements, confirmations, and advisory fee invoices.

The administrator for the Funds will deliver transaction reports to FIG. Please be advised that FIG is not required to provide information about specific investment transactions of the Fund to the Limited Partners. Nonetheless, on a monthly basis, FIG will provide Limited Partners with unaudited performance reports and other pertinent information regarding the Fund's performance. Additionally, the Fund is subject to an annual audit by an accountant that is

registered with and subject to regular inspection by the Public Company Accounting Oversight Board (“PCAOB”). The audited financial statements are distributed to Limited Partners within 120 days of the end of the Fund’s fiscal year.

The statements for the mutual funds will be mailed to the shareholders on a monthly basis.

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## **Item 16 Investment Discretion**

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FIG is not limited in its authority to purchase securities for the Funds, TPMM or Private Access Programs, and the Mutual Funds. FIG has full discretion and authority to make all investment decisions with respect to the types of securities to be bought or sold or the amount of securities to be bought or sold for the Funds, TPMM or Private Access Programs, and the Mutual Funds.

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## **Item 17 Voting Client Securities**

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### **1. The Funds**

FIG does not vote proxies on behalf of the Funds. FIG will not be required to take any action or render any advice with respect to the voting of proxies solicited by or with respect to the issuers of securities in which assets of the account may be invested from time to time.

### **2. Third Party Money Management Services & Private Access Program**

FIG will not vote nor advise clients how to vote proxies for client securities held in the TPMM and Private Access Program. Clients are responsible for directing their own proxies solicited by issuers of securities, including making elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings and other types of events pertaining to the securities in your account. Clients will receive proxy and other solicitation information by mail from the account custodian.

In addition, the Firm will not take any action or render any advice with respect to any securities held in any accounts that are named in or subject to class action lawsuits. FIG will, however, forward to Client any information received by the Firm regarding class action legal matters involving any security held in the Account.

### **3. The Mutual Funds**

It is the policy of the Trust and the Funds to ensure that proxies received by the Funds are voted or otherwise processed (such as by a decision to abstain from voting) in the best interest of Funds’ shareholders. Because proxy voting and other investment decisions for the Funds generally should be guided by and consistent with the investment discipline of the Funds. The Funds will delegate its proxy voting decisions to FIG for administration under the FIG’s proxy voting policies. The Trustees will periodically review and approve the Firm’s proxy voting policy and any material amendments thereto.

If FIG becomes aware of a material conflict of interest as between the interests of Funds shareholders and the interests of the FIG or its affiliates in how proxies will be voted, FIG will resolve any concerns by following alternative voting procedures described in the FIG’s proxy voting policy.

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## **Item 18            Financial Information**

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**A.    Balance Sheet Requirement**

A balance sheet is not required to be provided because FIG does not serve as qualified custodian for client's funds or securities, and does not require prepayment of fees of more than \$1,200 per client, six (6) months or more in advance.

**B.    Discretionary Authority, Custody of Client Funds or Securities, and Financial Condition**

As noted in Item 15, FIG has indirect custody of client assets because FIG has the ability to deduct advisory fees payable to it.

FIG was formed in 2009. While FIG has generated a small amount of net income in its first two years of operation, Fusion Management Group, LLC ("FMG"), its corporate parent, has generated substantial operating losses. FMG has funded its operations from a combination of loans from friends and family and the issuance of preferred stock, of which the largest purchaser is a fund managed by FIG (of which the investors are friends and family). Despite the operating losses of FMG, FMG and FIG believe they have sufficient funding to continue operations, and a sufficient ability to reduce their operating expenses if funding is interrupted for some reason.

**C.    Bankruptcy Petition Filings**

The Firm has not been the subject of a bankruptcy petition at any time during the last 10 years.

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## **PRIVACY POLICY**

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FIG considers customer privacy to be a fundamental aspect of its relationship with its clients. FIG is committed to maintaining the confidentiality, integrity, and security of its current, prospective and former clients' personal information. FIG does not disclose nonpublic personal information about its clients or former clients to any persons other than as described below. FIG collects information about its clients (such as name, address, social security number, assets and income) from discussions with clients, from documents that clients may deliver to FIG (such as account applications) and in the course of providing services. In order to service its client accounts and effect client transactions, FIG may provide client personal information to its affiliates and to firms that assist it in servicing client accounts and which have a need for such information. FIG does not otherwise provide information about its clients to outside firms, organizations or individuals except as required by law. Any party that receives this information will use it only for the services and as allowed by applicable law or regulations, and is not permitted to share or use this information for any other purpose.