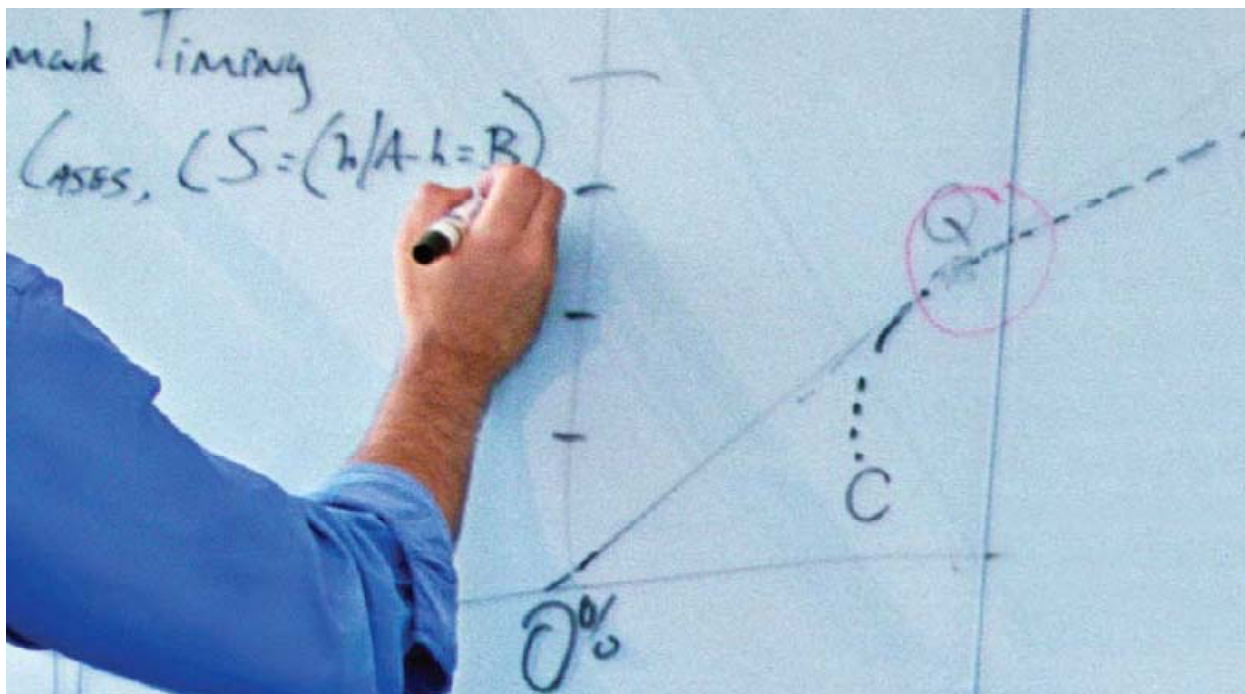


## Form ADV Part 2 Client Brochure

Version Date: July 1, 2012



### ITEM 1: COVER PAGE

This brochure provides information about the qualifications and business practices relating to the financial consulting and investment advisory business of The Leo Group, LLC. If you have any questions about the contents of this brochure, please contact The Leo Group at (973) 665-7007. 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. Investment adviser registration, or any reference to the firm being registered, or the use of the term, "registered", does not imply a certain level of skill or training.

Additional information about The Leo Group, LLC is also available on the website of the United States Securities and Exchange Commission at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## ITEM 2:

### MATERIAL CHANGES

This disclosure dated July 1, 2012 is a new Disclosure Brochure ("Brochure"). It was prepared by The Leo Group, LLC (the "LeoGroup") in response to a new rule that was promulgated by the United States Securities and Exchange Commission (the "SEC") that is applicable to registered investment advisers.

This is the first Brochure prepared by the LeoGroup. This section is currently not applicable. In the future, this item will discuss only *specific material changes* that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our Brochure.

## ITEM 3:

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## **ITEM 4:**

### **ADVISORY BUSINESS**

#### **A: Description of Advisory Firm**

The Leo Group, LLC (the “LeoGroup”) is a Limited Liability Company (“LLC”) formed in the State of New Jersey. The LeoGroup is the successor firm to a single-member LLC named FCG Global, LLC which was formed by Matthew J. Allain in October, 2010, also in the State of New Jersey. FCG Global, LLC was purely a consulting firm not registered with the SEC. All investment advisory business of FCG Global clients was managed through FCG Advisors, LLC, a registered investment advisor and Broker-Dealer. In 2012, FCG Global, LLC ceased operations and combined its financial consulting and investment advisory services under LeoGroup. As of the date of this Brochure, Matthew J. Allain is the majority of LeoGroup. Per the terms of the company’s Operating Agreement, LLC units have been issued to managing director(s) and there are expected to be future issuance of LLC units to key individuals.

#### **B: Types of Services**

LeoGroup is a wealth management firm that offers financial counseling services, tax strategies, investment management, employee benefit planning, and coordination of concierge services to its clients.

##### **Financial Consulting**

The primary business of LeoGroup is comprehensive financial counseling which consists of consulting services to assist clients in a wide array of financial disciplines. Each client’s needs are different and the financial counseling recommendations and advice are customized to meet the client’s unique objectives. LeoGroup seeks to understand each client’s goals, time horizon, risk tolerance, and tax position. Although each client may have unique needs, the types of services are similar and are as follows:

- Net Worth Reporting
- Asset Allocation
- Investment Planning
- Tax Planning, Preparation, & Compliance
- Retirement Planning
- Estate Planning
- Charitable Gifting Strategies
- Employee Benefits Analysis
- Cash-Flow Planning
- Risk Management & Insurance

##### **Investment Advisory**

Investment management services are oftentimes provided to clients to complement our Financial Consulting services. LeoGroup provides investment advice and portfolio management services on a ongoing basis. With the assistance of their LeoGroup advisor, the client decides on an investment plan that may utilize several investment strategies and investment vehicles in an attempt to achieve the objectives of the investment plan. The types of Investment Advisory services offered are as follows:

- Asset Allocation Strategies
- Discretionary management of proprietary investment strategies
- Discretionary management of mutual funds and exchange-traded funds
- Selection & Monitoring of alternative investments and private offerings
- Selection & Monitoring of third-party separate account managers

##### **Family Office Services**

To help manage the complex financial lives of affluent and ultra-affluent clients, LeoGroup offers a suite of additional services to assist clients that can benefit from this higher level of service. The term “Family Office” refers to a firm that is created by and works exclusively for one wealthy family. Many ultra-affluent clients may prefer to have a dedicated firm overseeing their wealth and inter-generational planning. However, a dedicated family office is costly and many times ultra-affluent individuals can more cost effectively manage their wealth by sharing resources among other affluent or ultra-affluent families by

utilizing a “multi-family office” approach. The LeoGroup provides “multi-family office” services. LeoGroup works with many affluent and ultra-affluent clients may offer the additional opportunity for cross-pollination of ideas that may uniquely benefit affluent clients. These services may consist of some or all of the following:

- Complex Inter-Generational Estate Planning
- Coordinated Investment Management among wide variety of public/private investments.
- Consolidated Net Worth Reporting
- Third-Party Bill Paying Services (LeoGroup does not take custody of clients assets)
- Bookkeeping & Accounting Services
- Concierge Services & Other non-financial services
- Philanthropic Planning & Foundation Administration
- Extensive Tax Planning & Tax Return Preparation
- Domestic Employee Payroll & Administration
- Personal Security Analysis & Coordination

### **C: Wrap Fee Programs**

LeoGroup does not currently participate in any wrap fee programs.

### **D: Assets Under Management**

LeoGroup has the following assets under management (“AUM”):

Discretionary AUM:	N/A – Newly formed firm
Non-Discretionary AUM:	N/A – Newly formed firm
TOTAL AUM:	N/A – Newly formed firm
Date Calculated:	N/A – Newly formed firm

## **ITEM 5: FEES & COMPENSATION**

### **A: Financial Consulting Fees**

#### **Individual Engagements**

LeoGroup charges an annual financial consulting fee to individuals. Fees will vary based on a number of factors, including complexity of the services provided and the geographic location of the client. In addition, the fee may vary considerably if the LeoGroup is preparing the client’s tax returns or providing other tax services. The fees range from approximately \$5,000-\$25,000 per year for high net worth clients, \$25,000-\$75,000 per year for affluent clients and approximately \$75,000-\$150,000 per year for ultra-affluent clients. Many affluent clients and most ultra-affluent clients utilize our family office services.

#### **Employer Sponsored Programs**

LeoGroup provides comprehensive financial counseling services to high-level executives of domestic and international corporations. These are referred to as “employer sponsored programs” because the corporation pays LeoGroup to provide financial counseling services to its executives. The fees will vary by company but will generally be the same fee based on the level of the executive within the organization. Each program is designed specifically for each company’s needs. Multi-national companies not only utilize domestic U.S. services but also benefit from the cross-border planning capabilities of LeoGroup to service international assignees throughout the world. The fees vary from \$8,000-\$15,000 per executive.

## B: Investment Advisory Fee Schedule

LeoGroup may provide Investment Advisory services to clients in addition to other services. The fee for investment advisory services is based upon a percentage of the market value of the assets being managed. This fee is negotiable. Our current fee schedule is as follows:

Assets Under Management	Annual Fee
First \$250,000	1.25%
Next \$500,000	1.00%
Next \$750,000	0.75%
Next \$1,500,000	0.50%
Next \$2,000,000	0.40%
Over \$5,000,000	0.30%

### LeoGroup Strategy Portfolios

Several proprietary strategy portfolios are separately managed by LeoGroup with an annual management fee of 0.30% based upon a percentage of the market value of the assets being managed.

### Limited Partnerships & Other Outside Investments

With respect to limited partnerships and some other outside investments, LeoGroup may negotiate a fee with the client to oversee the investment. In some instances, a licensed representative of the firm may receive fee(s) directly from the partnership in lieu of a management fee. Any such arrangement will be disclosed and agreed to by the client in advance and must be paid through a Broker-Dealer.

### Other Fees Not Paid to LeoGroup

Asset management fees may be in addition to fees/expenses of any mutual fund, separate account management, limited partnerships, or other manager as the case may be. Such fees are required to be disclosed separately by the respective disclosure documents of the particular investment.

## C: Payment of Fees

### Financial Consulting

The specific manner in which we charge fees is established in the client's written Financial Consulting Agreement. Financial consulting fees are generally based on a calendar year. The annual fee may be prorated for any partial calendar year at the inception or termination of the agreement. If the client also has an Investment Advisory relationship with LeoGroup, the financial consulting fee will generally be deducted from a designated account. Likewise, if a client that engages LeoGroup to prepare and file its tax return(s), LeoGroup may also deduct the tax fee (if not already included) from a designated account.

### Investment Advisory

The specific manner in which we charge fees is established in the client's written Investment Advisory Agreement. LeoGroup will generally bill our fees in arrears each calendar quarter directly debited from client accounts. Investment Advisory and Management Fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimus contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees, if applicable, will be promptly refunded, and any earned, unpaid fees will be due and payable.

For limited partnerships and similar private offerings managed or supervised by LeoGroup, the manner of payment of the client's fee will depend upon the specific investment offering.

Clients generally are required to have their investment management fees deducted from their accounts. In some cases, however, LeoGroup will bill a client for investment advisory fees if it determines that such a billing arrangement is appropriate given the circumstances.

### Family Office Services

Family office services are generally negotiated separately and may be paid directly by the client or deducted from a designated account if an Investment Advisory relationship exists.

### **Employer Sponsored Services**

The specific manner in which we charge a fee is established in a written services agreement with the sponsoring employer. Fees are generally billed to the sponsoring company either quarterly or annually.

## **ITEM 6: PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT**

LeoGroup does not charge any performance-based fees (fees based on a share of capital gains on capital appreciation of the assets of a client).

## **ITEM 7: TYPES OF CLIENTS**

### **Financial Consulting**

LeoGroup offers financial counseling services directly to individuals. LeoGroup also offers counseling services to individual executives through corporate-sponsored financial counseling programs between LeoGroup and the individual employer. The employers are generally multi-national companies and these companies provide a financial counseling benefit to employees at certain levels within the organization.

### **Investment Advisory**

LeoGroup provides investment advisory and investment management services to individuals, trusts, institutions, charitable foundations, and retirement/profit-sharing plans.

We currently impose a minimum account size of \$50,000 but reserve the right to implement a higher account minimum and/or waive account minimums.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **A: Methods of Analysis and Investment Strategy**

LeoGroup strives to manage the risk of loss by clients through proper diversification and risk management. Advisors work with clients to identify their risk tolerance and investment objectives. We then help the client construct an investment portfolio in an attempt to achieve the client's investment goals. The investment portfolio is generally customized to fit the client's profile taking into account the totality of the client's financial resources, appetite for risk, cash flow, as well as any other factors that may affect the client's financial well being.

### **Methods of Analysis**

LeoGroup's uses a number of methods to assist with portfolio management and security selection. These methods include fundamental analysis, technical/charting analysis, economic analysis, as well as strategic asset allocation. The following are the primary methods of analysis:

- Fundamental Analysis
- Technical Analysis
- Strategic Asset Allocation
- Tactical Portfolio Management
- Micro & Macro Economic Analysis

### **Investment Strategy**

LeoGroup seeks to allocate assets to minimize risk without sacrificing long-term gain. LeoGroup utilizes strategic asset allocation along with periodic recommendations for tactical positioning of the investment portfolio. In addition to strategic asset allocation, a core & satellite approach to asset management is oftentimes employed. The core & satellite approach consists of a core portfolio(s) invested passively or quasi-passively in the more efficient sectors of the market in an effort to keep the costs of the core portfolio(s) relatively low. The satellite portfolios employ more actively managed strategies where

opportunities for “alpha” are believed to be more available. “Alpha” is generally defined as the portion of an investment return attributable to manager expertise as opposed to a purely market-driven investment return. In regards to “alternative investments”, LeoGroup may categorize alternative investments as a separate asset category although it may also be included in the broadly defined satellite strategies. “Alternative investments” is difficult to define but, in general, LeoGroup views alternative investments as those investment strategies that have a low correlation to the broad stock & bond markets. To the extent an alternative investment strategy has little or no correlation to the broader markets, diversification to those types of investments may improve portfolio efficiency and lower overall risk, even if the alternative strategy employed has high volatility. In general, alternative investments tend to have lower volatility than the broader market indexes but that is not always the case. The level of volatility depends upon the alternative investment strategy employed. Some alternative investments may exhibit significantly higher volatility than the broader market indexes at times.

LeoGroup uses a wide range of investment vehicles and products in an attempt to achieve the objectives of the chosen investment strategy. These investments may be individual securities, mutual funds, bonds, annuities, exchange-traded funds, proprietary managed accounts, as well as accounts managed by third parties. With respect to the use of outside managers, LeoGroup evaluates such managers and their strategies based upon multiple criteria such as performance, experience, potential for so-called “style-drift”, underlying holdings, size, turnover, process, fees, as well as many other factors that may affect the manager’s performance.

## **B: Material Risks Involved**

### **Risk of Loss**

All investments involve risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends and other distributions, and the loss of future earnings). These risks may include market risk, interest rate risk, issuer risk and general economic risk. Although we manage client assets in a manner we believe to be consistent with a client’s risk tolerance, there can be no guarantee that our efforts will be successful. Clients should be prepared to bear the risk of loss.

Fundamental analysis focuses on factors that determine a company’s intrinsic value based upon expected future cash flow. Risks such as our ability to forecast future cash flow accurately and appropriately value a security correctly is always present with fundamental analysis. Technical analysis is the charting of prices and volume that is backward looking and may not have predictive value in regards to future prices. When looking at charts there is a large amount of subjectivity in interpreting what the chart is forecasting. Risk of misinterpretation when basing investment decisions on charts carries risk that the investment will not perform as expected thereby resulting in a loss.

With regards to the use of other managers, risks include the possibility of manager turnover, style drift, underperformance, size constraint, tax inefficiency, compliance, and fee changes. In addition, for alternative investments, private offerings, and certain other third-party managers, potential risk factors include lack of liquidity, lack of transparency, layering of fees, and other risks identified by such managers in their disclosure documents. In regards to proprietary strategies managed by the LeoGroup directly, similar risks apply as mentioned in this Risk of Loss section.

## **C: Specific Risks**

### **Variable Products**

Insurance companies issue “Variable Products” which includes variable life insurance and variable annuities which utilize underlying investment accounts to determine the performance of the cash-value or annuity account value, as the case may be. In reviewing Variable Products, LeoGroup may review issuing insurance carrier’s rating, competitiveness of the product, client service resources, and general processes for manager selection for separate accounts underlying the Variable Products referred to as “Variable Subaccounts”. As an accommodation, LeoGroup may review the Variable Subaccounts as part of the strategic asset allocation process. All of the aforementioned Material Risks of Loss may also apply to Variable Subaccounts. LeoGroup does not conduct due diligence on any of the Variable Subaccounts or their managers and does not provide advice on or recommendations of individual Variable Subaccounts. Inclusion of any Variable Subaccounts in any portfolio(s) is based upon the information provided by the issuing carrier and/or third-party database providers. LeoGroup does not have the ability to verify the accuracy of any information provided by or about Variable Subaccounts.

## Derivatives

Derivatives are difficult to define but are present in a wide variety of investments. In finance, derivatives refer to contracts whose value is derived from another asset, which include stocks, bonds, currencies, interest rates, commodities, and related indexes. Oftentimes derivatives are used as a hedge to protect against downside risk but derivatives can also be used to speculate. Purchasers of derivatives are essentially wagering on the future performance of that asset. Derivatives include such widely accepted products as futures and options. Due to the speculative nature of derivatives even when they are being employed to hedge, unique risks are present including a party's misunderstanding of the contract, inability of the derivative to match or derive its value from the other asset, and the counter-party risk between the parties to the transaction.

## Futures & Options

LeoGroup does not generally employ futures and options as part of its investment strategies but we may do so from time to time. Also, clients may request that we purchase or implement certain option strategies on their behalf for a specific purpose, but such strategies are usually implemented as directed by the client. LeoGroup does recommend certain mutual funds, exchange-traded funds, inverse exchange-traded funds, outside managers, and alternative investments that utilize futures & options to varying degrees. There are numerous risks with any futures or options trading strategy. In focusing on the creation of cash flow from writing (selling) covered call options on some or all of a portfolio, a client assumes the obligation or risk of selling a position at a specified price, which generally is higher than where the position currently is trading. Due to the risks, LeoGroup provides each client interested in an options strategy with the "Characteristics and Risks of Standardized Options" (the "Pamphlet"), written and published by the Options Clearing Corporation.

## ITEM 9: DISCIPLINARY INFORMATION

LeoGroup has no legal or disciplinary events to report.

## ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### A: Registration as a Broker-Dealer or Broker-Dealer Representative

LeoGroup is not a registered Broker-Dealer. Several LeoGroup employees are registered representatives of FCG Advisors, LLC ("FCG"). FCG is a registered Broker-Dealer with the U.S. Securities & Exchange Commission and Registered Investment Advisor at the federal level as well as in various state jurisdictions. FCG is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"). The Broker-Dealer activities of the LeoGroup comprise less than 5% of the business activities of LeoGroup. With the remaining 95% comprised of financial consulting and investment advisory activities. Further information about FCG Advisors, LLC can be reviewed by visiting the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

### B: Registration as a Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor or an Associated Person of the Foregoing Entities

Neither LeoGroup nor any LeoGroup employee is registered as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

## **C: Material Relationships with Affiliated Entities**

### **FCG Advisors, LLC**

As mentioned previously under Item 10, several LeoGroup employees are registered representatives of FCG Advisors, LLC ("FCG"), which is a registered Broker-Dealer and Registered Investment Advisor. Although a very small percentage of LeoGroup's activities require a Broker-Dealer relationship, certain activities require the use of a Broker-Dealer. Certain employees of LeoGroup are registered with FCG in order to engage in those business activities that requires such registration. These activities include, but are not limited to, variable life insurance contracts, capital raises, and private placement partnership fee-sharing arrangements. Any such activities and/or conflicts of interest are disclosed to the client.

Interests in private placement partnerships are suitable only for sophisticated investors who do not require immediate liquidity for their investments, for whom an investment in the partnership does not constitute a complete investment program, and who fully understand and are willing to assume the risks involved in the partnership's investment strategy. Limited partners must qualify as Accredited Investors (as such term is defined in Rule 501 of Regulation D promulgated by the SEC under the Securities Act of 1933) and may also need to qualify as Qualified Purchasers (as such term is defined in the Investment Company Act of 1940, as amended, and the rules promulgated by the SEC).

### **Fidelity Investments**

LeoGroup maintains custody arrangements with Fidelity's Institutional Wealth Services (IWS), an affiliate of Fidelity Investment Company, whereby LeoGroup clears securities transactions on a fully disclosed basis. LeoGroup utilizes Fidelity as custodian of client assets although clients are free to custody their assets at the brokerage firm of their choosing. Fidelity holds all customer funds and/or securities on behalf of LeoGroup's advisory clients for purposes of the Securities Investor Protection Act. The custody relationship is described more fully under Item 15.

Each client retains any all rights afforded under the federal securities laws to proceed directly against the issuer of any underlying security in the client's account. Each client may withdraw, hypothecate, vote or pledge securities in their account upon written notice to LeoGroup.

### **Minimize Risk, LLC**

Minimize Risk, LLC is a New Jersey limited liability company licensed by the New Jersey Department of Banking and Insurance as well as various state banking & insurance departments. Minimize Risk, LLC is an affiliate of LeoGroup for purposes of effectuating certain insurance contracts with clients and others. LeoGroup and/or its employees may engage in the insurance business through LeoGroup's affiliation with Minimize Risk, LLC or other third party relationships for purposes of selling insurance contracts for separate compensation. Variable life and variable annuity insurance contracts must be effectuated through a Broker-Dealer. As mentioned previously, LeoGroup and several employees currently maintain a Broker-Dealer relationship with FCG Advisors, LLC. Financial consulting and/or investment advisory clients are not obligated to use LeoGroup to purchase insurance or annuities. Certain LeoGroup professionals are licensed insurance agents and any compensation earned by such agents will vary depending upon the insurance company and product purchased. Such personnel may also be appointed as agents of the issuing insurer. Recommendations to purchase or exchange insurance products are made by LeoGroup professionals solely in their capacity as an insurance agent associated with Minimize Risk, LLC or third party agencies or companies. LeoGroup does not generally have a separate insurance agreement with clients when selling insurance other than the required disclosures from the third-party agents or companies.

## **D: Selection of Other Investment Advisors & Managers**

LeoGroup may utilize third-party managers and/or unaffiliated alternative investment vehicles for the purpose of providing clients with investment options to help achieve the client's investment objectives. Generally, LeoGroup does not receive compensation from these managers or alternative investment vehicles. However, some separately managed accounts or private placement partnerships may pay compensation to LeoGroup, or rather, employees of the LeoGroup as registered representatives of a Broker-Dealer. Any such arrangement is fully disclosed and agreed to by the client.

## Subadvisors

From time to time, LeoGroup may enter directly into subadvisory relationships with independent registered investment advisory firms (“subadvisors”) on behalf of its clients pursuant to the delegation authority granted to LeoGroup by its clients’ Investment Advisory agreements. Subadvisors generally offer investment strategies separate and distinct from the proprietary strategies offered by LeoGroup.

Prior to entering into a relationship, LeoGroup performs a due diligence review of the subadvisor. This review includes, but is not limited to, the review of regulatory filings, compliance program, investment offerings, and the performance of the strategies considered. The due diligence process includes multiple conversations and may include in-person visits to the subadvisor’s place of business.

When a strategy offered through a subadvisor is appropriate for a client of LeoGroup, the client will be provided with the subadvisor’s Form ADV, Part 2A and 2B, Privacy Notice, and any other information that may be relevant or informative to the client. In addition, each client that invests in a subadvised strategy is required to acknowledge, in writing, the LeoGroup subadvisor relationship and the specific strategy offered through the subadvisor. The client will not engage the subadvisor directly; the client’s advisory relationship remains with LeoGroup as set forth in the client’s Investment Advisory agreement.

LeoGroup has a subadvisory relationship with FCG Advisors, LLC (“FCG”) of Chatham, New Jersey, through which LeoGroup offers the Core Fixed Income portfolio strategy (the “Strategy”). The Strategy seeks to preserve capital by investing in high credit quality fixed income securities (e.g.- municipal bonds, corporate bonds, Treasuries, and other fixed income securities). FCG is provided the parameters by the LeoGroup for the types of fixed income securities to purchase for each client in the Strategy such as term of the bonds, geographic location, and credit quality. Each bond account in the Strategy is separately managed and effectively customized to the client’s desires although a common theme of high credit quality is present within each client account. The bond selection process is managed by FCG through its relationships with several firms and brokerage houses that offer fixed income securities in an attempt to purchase bonds at the most advantageous price for the client. FCG receives a percentage of assets under management and does not charge commissions or mark-ups on any bond purchases. LeoGroup will utilize FCG’s services for those clients for whom the Strategy is appropriate.

## ITEM 11:

### CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

#### A: Description of Code of Ethics

LeoGroup has adopted a Code of Ethics (the “Code”) pursuant to SEC Rule 204A-1. This Code provides that all supervised persons of LeoGroup place the interests of the firm’s clients ahead of their own. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at LeoGroup must acknowledge the terms of the Code of Ethics annually, or as amended.

#### Code of Ethics Copies Available

LeoGroup clients or prospective clients may request a copy of the firm’s Code of Ethics at anytime.

#### B: Recommendation Involving Material Financial Interest

Under the Code, related persons of LeoGroup are required to disclose any personal material interest they have in a security that LeoGroup recommends to clients. LeoGroup may recommend that clients invest in partnership interests in various partnerships for whom it believes the investment would be suitable given the client’s goals, objectives, risk tolerance, tax circumstances, and liquidity needs. As discussed previously, to be eligible to participate in most partnership investments, clients will need to be Accredited Investors (as such term is defined in Rule 501 of Regulation D promulgated by the SEC under the Securities Act of 1933) and may also need to qualify as Qualified Purchasers (as such term is defined in the Investment Company Act of 1940, as amended, and the rules promulgated by the SEC). Conflicts of interest were also discussed previously in this brochure, but conflicts of interest are further detailed in the

partnership's offering documents. Prospective limited partners are encouraged to consult their own counsel as to the terms and provisions of a partnership and its offering documents.

## C: Investing in Same Securities as Clients

### Same Security Transactions

Employees & supervised individuals ("related persons") of LeoGroup may invest in a particular investment strategy in which LeoGroup clients invest. Trades on behalf of clients may be aggregated with trades on behalf of related persons only if the following conditions are met:

1. The client's trades are treated equally with the trades of the related person;
2. Each related person and each client in the trade receive average execution and average commission; and
3. The securities purchased or sold are allocated pro rata.

The account of a related person receives no favorable treatment with respect to the management of the account or the execution of transactions. Should a potential transaction on behalf of a related person likely conflict with any of LeoGroup's clients, LeoGroup will place its clients' interests first. LeoGroup reviews accounts that it manages on behalf of its related persons to ensure that such accounts have not received preferential treatment.

No security may be bought or sold by a principal or employee of LeoGroup before LeoGroup clients' accounts have had the opportunity to make such transactions as appropriate. All LeoGroup trades made by the employees who make recommendations or participate in the determination of which recommendations shall be made are reviewed by the compliance officer or designee who is supervised by the compliance officer. Principals and employees will not receive a more favorable execution price on a particular day than those received by their investment advisory clients. All LeoGroup employees must direct their brokers to send duplicate copies of trade confirmations and brokerage statements to the designated compliance officer. These records are used to monitor compliance with LeoGroup trading and compliance policies.

Employees must also obtain pre-approval from the compliance officer or designated managing member before engaging in any outside business activities or private placements.

LeoGroup anticipates that, in appropriate circumstances and consistent with clients' investment objectives, the firm will cause accounts over which we have management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which LeoGroup, its affiliates and/or clients, directly or indirectly, have a position of interest. LeoGroup employees and persons associated with LeoGroup are required to follow LeoGroup's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of LeoGroup and our affiliates may trade for their own accounts in securities which are recommended to and/or purchased for LeoGroup's clients. The Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of the employees and related persons of LeoGroup will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of LeoGroup's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between LeoGroup and its clients.

To prevent conflicts of interest, all employees of LeoGroup must comply with the firm's Written Supervisory Procedures and Code of Ethics (collectively "Supervisory Manuals") which impose restrictions on the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons. Further, such Supervisory Manuals impose certain policies and procedures concerning the misuses of material non-public information that are designed to prevent insider trading by any officer, partner, or affiliated person of LeoGroup.

## **Best Execution**

LeoGroup has an obligation of best execution. This obligation applies to LeoGroup's affiliates as well, most notably, FCG Advisors LLC. Generally, LeoGroup does not charge commissions but may do so in certain circumstances and/or may charge service fees that are tantamount to commissions. Any such arrangements are always disclosed and agreed to by the client.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with LeoGroup's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. LeoGroup or its affiliate, as the case may be, shall retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rate basis. Any exceptions will be explained on the order.

## **Cross Security Transactions**

LeoGroup or its affiliates will not affect any principal or agency cross securities transactions for client accounts. In certain circumstances, and always in the best interest of clients, LeoGroup or its affiliates may cross trades between client accounts. An agency cross transaction is defined as a transaction where a person acts as an investment advisor in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions arise where an adviser is dually registered as a Broker-Dealer or has an affiliated Broker-Dealer.

In such circumstances, LeoGroup or its affiliate will determine a fair price to both parties and will not charge any mark ups or commissions. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated Broker-Dealer, buys from or sells any security to an advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account.

## **D: Trading Securities At/Around the Same Time as Client's Securities**

Pursuant to the Code of Ethics, related persons of LeoGroup may invest in individual securities that also are holdings in LeoGroup's investment strategies. Each related person is required to conduct all personal securities transactions in a manner that is consistent with the Code and to avoid any conflict of interest. No related person may misuse information about client accounts, abuse his or her position of trust and responsibility, or take inappropriate advantage of his her position. LeoGroup has a policy concerning individual trading by related persons that it believes is reasonably designed to minimize potential conflicts of interest with its clients. In furtherance of minimizing such potential conflicts of interest, LeoGroup prohibits its related persons from trading, either personally or on behalf of others, in securities while in possession of material non-public information regarding such securities or communicating materials non-public information to others.

## **ITEM 12: BROKERAGE PRACTICES**

### **A: Factors Used to Select Custodians and/or Broker-Dealers**

LeoGroup recommends that its investment management clients custody their accounts/assets at unaffiliated Broker-Dealer custodians with which LeoGroup has an institutional relationship. Currently, LeoGroup has a relationship with Fidelity Brokerage Services LLC and National Financial Services LLC (together "Fidelity"; generally and collectively, "BD/Custodian"). LeoGroup may have other relationships in the future at which time this brochure shall be updated. Fidelity as well as any future such institutions in which LeoGroup has a relationship are a "Qualified Custodian" as that term is described in Rule 206(4)-2 of the Investment Advisers Act of 1940. Each BD/Custodian provides custody of securities, trade execution, and clearance and settlement of transactions placed by LeoGroup.

In selecting a BD/Custodian, some of the factors that LeoGroup considers include:

- Trade order execution; the ability to provide accurate and timely execution of trades
- The reasonableness and competitiveness of commissions and other transaction costs
- Access to a broad range of investment products
- Access to trading desks
- Technology that integrates within LeoGroup's environment, including interfacing with LeoGroup's portfolio management system
- Access to research
- Ability to provide a full range of options for account registrations for LeoGroup's clients
- Availability of a soft dollar or additional services program
- A dedicated service or back office team and its ability to process seamlessly and timely a myriad of requests from LeoGroup on behalf of its clients
- Ability to provide LeoGroup with access to client account information through an institutional website
- Ability to provide clients with electronic access to account information and investment and research tools

LeoGroup may place portfolio transactions through the BD/Custodian where the clients' accounts are custodied. In exchange for using the services of the BD/Custodian, LeoGroup may receive, without cost, computer software and related systems support that allows LeoGroup to monitor and service its clients' accounts maintained with such BD/Custodian. Additional benefits include the receipt of duplicate client confirmations and bundled duplicate statements, access to a trading desk that exclusively services institutional brokerage group participants, access to block trading services that provide the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts, and/or access to an electronic communication network for client order entry and account information. Other benefits LeoGroup may receive include consulting, publications, and conferences on practice management, information technology, business succession, and regulatory compliance. LeoGroup's receipt of such benefits is reviewed to ensure compliance with Securities Exchange Act 28(e)'s safe harbor for so-called "soft dollar" arrangements and the SEC's latest guidelines.

If a client's account meets the BD/Custodian's minimum account size, LeoGroup generally recommends that the client enter into a Prime Brokerage Services Agreement with the BD/Custodian. This agreement permits LeoGroup, in its discretion, to trade away from the BD/Custodian when placing securities transactions on behalf of the client. The account will incur a trade-away fee from the BD/Custodian for each transaction that is executed on a trade-away basis. This fee is separate from the commission/transaction fee imposed by the Broker-Dealer through which the trade was executed.

Trading away may be advantageous for the client because:

- the Broker-Dealer may have expertise in a particular security or market
- the Broker-Dealer makes a market in a particular security
- a particular security is thinly traded
- the Broker-Dealer can identify a counter-party for the trade

A client may pay higher net execution costs than he/she would have paid if the transaction were placed through the BD/Custodian holding his/her account. LeoGroup reviews its arrangements with the BD/Custodians and other Broker-Dealers against other possible arrangements in the marketplace as it strives to achieve best execution on behalf of its clients. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Broker-Dealer's services, including, but not limited to, the following:

- a Broker-Dealer's trading expertise, including its ability to complete trades, execute and settle difficult trades, obtain liquidity to minimize market impact and accommodate unusual market conditions, maintain anonymity, and account for its trade errors and correct them in a satisfactory manner.
- a Broker-Dealer's infrastructure, including order-entry systems, adequate lines of communication, timely order execution reports, an efficient and accurate clearance and settlement process, and capacity to accommodate unusual trading volume.
- a Broker-Dealer's ability to minimize total trading costs while maintaining its financial health, such as whether a Broker-Dealer can maintain and commit adequate capital when necessary to

complete trades, respond during volatile market periods, and minimize the number of incomplete trades.

- a Broker-Dealer's ability to provide research and execution services, including advice as to the value or advisability of investing in or selling securities, analyses and reports concerning such matters as companies, industries, economic trends and political factors, or services incidental to executing securities trades, including clearance, settlement and custody.
- a Broker-Dealer's ability to provide services to accommodate special transaction needs, such as the Broker-Dealer's ability to execute and account for client-directed arrangements and soft dollar arrangements, participate in underwriting syndicates, and obtain initial public offering shares.

#### 1. Research and Other Soft Dollar Benefits

LeoGroup uses client brokerage commissions to obtain research or other products or services. This is an economic benefit to LeoGroup, as LeoGroup does not have to pay for such research, products, or services. LeoGroup may have an incentive to select BD/Custodian or other Broker-Dealers based upon it receiving such benefits, rather than on the client's interest in receiving most favorable execution.

LeoGroup will enter into soft dollar arrangements in accordance with Section 28(e) of the Securities Exchange Act of 1934 and the following policy. Where more than one Broker-Dealer is believed to be capable of providing the best combination of price and execution with respect to a particular portfolio transaction, LeoGroup may select a Broker-Dealer that furnishes products and/or research services. In addition, if LeoGroup determines in good faith that the commission charged by a Broker-Dealer is reasonable in relation to the value of brokerage and research services provided by such BD, LeoGroup may cause a client account to pay such Broker-Dealer an amount of commission greater than the amount a BD/Custodian or other Broker-Dealer may charge, but generally within a competitive range. Research products and/or services may include:

- fundamental research reports
- technical and portfolio analyses
- pricing services
- economic forecasting, interest rate projections and general market information
- historical database information
- computer hardware and software that assists LeoGroup's investment management process, including effecting securities transactions and performing functions incidental thereto (such as clearance and settlement)

Research, products, or services received from soft dollar benefits generally serve to benefit all client accounts. LeoGroup does not allocate soft dollar benefits to client accounts proportionately to any such soft dollar credits that the accounts generate.

LeoGroup has soft dollar arrangements with Fidelity, the only BD/Custodian that it uses for custody of clients' accounts. LeoGroup periodically reviews its arrangement with the BD/Custodian(s) and Broker-Dealer(s) by evaluating those factors details in Item 12(A).

#### 2. Brokerage for Client Referrals

LeoGroup does not select or recommend Broker-Dealers based on whether or not it may receive client referrals from a Broker-Dealer or third party.

#### 3. Directed Brokerage

Generally, in the absence of specific instructions to the contrary, LeoGroup has full discretion with respect to securities transactions placed on behalf of a client's account. This discretion includes authority, without prior notice to the client, to buy and sell securities for the client's account and establish and affect securities transaction through the BD/Custodian of the client's account or other Broker-Dealers selected by LeoGroup. In selecting a Broker-Dealer to execute a client's securities transactions, LeoGroup seeks prompt execution of orders at favorable prices. A client, however, may instruct LeoGroup to custody his/her account at a specified Broker-Dealer and/or direct some or all of his/her brokerage transactions to a specific Broker-Dealer.

In directing brokerage transactions, a client should consider commission expenses, execution, clearance, settlement capabilities, and custodian fees, if any, as compared to those that would result if LeoGroup exercised its discretion in selecting the Broker-Dealer to execute the transactions. Directing brokerage to a particular Broker-Dealer may involve the following disadvantages to a directed brokerage client:

- LeoGroup's ability to negotiate commission rates and other terms on behalf of such clients could be impaired
- such clients could be denied the benefit of LeoGroup's experience in selecting Broker-Dealers that are able to execute efficiently difficult trades
- opportunities to obtain lower transaction costs and better prices by aggregating (batching) the client's orders with orders for other clients could be limited
- the client could receive less favorable prices on securities transactions because LeoGroup may place transaction orders for directed brokerage clients after placing batched transaction orders for other clients.

## **B: Trading Aggregation**

### **Balancing the Interests of Multiple Client Accounts**

LeoGroup may manage multiple accounts with similar investment objectives and strategies or may manage accounts with different objectives or strategies that may trade in the same securities. Despite these similarities, LeoGroup's portfolio decisions about each client's investments and the performance resulting from these decisions may differ from those of other clients.

### **Allocating Investment Opportunities**

LeoGroup will not necessarily purchase or sell the same securities for the client accounts at the same time or in the same proportionate amounts for all eligible clients. It is expected, however, that client accounts with similar objectives may trade in the same securities at the same time.

LeoGroup will allocate investment and trading opportunities (including the sequence of placing orders if not "batched") in a manner believed by LeoGroup to be fair and equitable to each client. In making these allocations, LeoGroup will take into account the following factors:

- the clients' investment objectives and strategies;
- the composition, size and characteristics of the account;
- the cash flows and amount of investment funds available to each client;
- the amount already committed by each client to a specific investment;
- each client's risk tolerance and the relative risk of the investment; and
- the marketability of the security being considered.

LeoGroup may deviate from strictly pro rata allocation, when appropriate, taking into account the following factors:

- to avoid creating odd lot positions in any account;
- to allocate a smaller portion to those accounts for which the purchased security would be a peripheral investment and a larger portion to those accounts for which the security would be a core investment;
- to the extent that the purchased security is especially appropriate for accounts with certain investment goals or risk tolerances;
- to satisfy demand with respect to an account's cash position relative to its portfolio (i.e., to allocate a small portion to accounts with less cash or liquidity and a greater portion to accounts with more or highly liquid investments; and
- when a proportionate allocation would, given the size of a client account, result in a position that is too small to be meaningful or too large to maintain an appropriate level of diversification.

If it is not possible in a single transaction or at a single price to affect trades in a particular security that is appropriate for multiple accounts, LeoGroup, may if feasible, compute and give to each participating client account the average price for that day's transactions in the securities.

### **Batching Orders**

When the same investment decision is made for more than one client on the same day, LeoGroup may place orders to buy or sell the same securities for a number of clients. Whenever possible, orders to purchase or sell the same security for multiple accounts are aggregated. All accounts that participate in an aggregated transaction shall participate on a pro rata basis. LeoGroup will not aggregate investment transactions for accounts unless the transaction is consistent with the terms of the applicable investment management agreement and each account's investment objectives, restrictions, and policies.

## **ITEM 13: REVIEW OF ACCOUNTS**

### **A: Reviews**

If a client retains LeoGroup for continuous advice, counsel, recommendations, and monitoring of a Client's financial situation, then LeoGroup will provide periodic reviews. In order to update the client's financial plan or for the performance of miscellaneous financial services, LeoGroup will review the account of the client at least annually or otherwise, depending upon the preference of the client. Depending upon the nature of the client's investments, reviews may be triggered by the passage of time, several other factors, as well as by request of the client. The compliance manager or the advisor responsible for a client relationship may conduct all account reviews on behalf of LeoGroup.

### **B: Frequency and Nature of Reviews & Reports**

The frequency and nature of reviews and reports to clients are determined primarily by the particular needs of the each client. However, confirmations will be forwarded by the custodian to customers on a quarterly basis. Statements are sent each month in which there is activity in the account. If there is no activity, statements are sent quarterly when there is either a security or cash position in the account. Investment advisory clients will have periodic reports as desired by the client as part for the advisory relationship with LeoGroup.

### **C: Account Statements**

Each client will receive account statements directly from the BD/Custodian. Each client should carefully review those statements. In the event that a client also receives an account statement or report from LeoGroup, each client is urged to compare the account statement they receive from the qualified custodian with the account statement or report they receive from LeoGroup, and to rely solely on the account statement received from the qualified custodian.

## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

### **A: Economic Benefits Provided by Third Parties for Client Advice**

Fidelity also offers other services intended to help LeoGroup manage and further develop its business enterprise. These services may include: (1) compliance, legal, and business consulting; (2) publications and conferences on practice management and business succession; and (3) access to employee benefits providers, human capital consultants, and insurance providers. Fidelity may make available, arrange and/or pay third-party vendors for the types of services rendered to LeoGroup. Fidelity may discount or waive fees it would otherwise charge for some of these services or pay all or part of the fees of a third party providing these services to LeoGroup. Fidelity may also provide other benefits such as educational events or occasional business entertainment of LeoGroup personnel. In evaluation whether to recommend or require that clients custody their assets at Fidelity, LeoGroup may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely on the nature, cost, or quality of custody and brokerage services by Fidelity, which may create a potential conflict of interest. As stated above, LeoGroup reviews its arrangements with BD/Custodians against other possible arrangements in the marketplace.

### Additional Services

As mentioned previously, LeoGroup may benefit for soft dollar benefits within the soft dollar safe harbor provisions of Section 28(e) of the Securities Exchange Act of 1934. LeoGroup may receive Additional Services from Fidelity or another third party in the future. To the extent LeoGroup receives Additional Services that are *not* soft dollar benefits, they will be disclosed in this section. Fidelity may provide Additional Services, however, such services will *not* be based on the number or amount of securities transactions executed through Fidelity, and such Additional Services do not consist of fees, commissions or other remuneration contingent on the execution of securities transactions or the utilization of any other service or product.

Fidelity or another third party in the future may provide the Additional Services to LeoGroup in its sole discretion and at its own expense; LeoGroup does not pay Fidelity for the Additional Services. The Additional Services may or may not be offered to other independent investment advisors. Fidelity and any other third party in the future will enter into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

LeoGroup's receipt of Additional Services, however, raises potential conflicts of interest. In providing Additional Services to LeoGroup, Fidelity or any future third party most likely considers the profitability to Fidelity or future third party of the assets in, and trades placed for, LeoGroup's client accounts maintained at Fidelity or future third party. Fidelity has the right to terminate the Additional Services Addendum with LeoGroup, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from Fidelity or future third party, LeoGroup may have an incentive to recommend to its clients that the assets under management by LeoGroup be held in custody with Fidelity or future third party, and to place transactions for client accounts with Fidelity.

The receipt of Additional Services does not diminish LeoGroup's duty to act in the best interest of its clients, including the duty to seek best execution of trades for client accounts. LeoGroup's participation in any arrangements may raise potential conflicts of interest; however, as part of its fiduciary duty to clients, LeoGroup endeavors at all times to put the interests of its clients first. LeoGroup reviews its relationship with Fidelity on an annual basis.

### Recognition Awards and Ratings

LeoGroup may receive an award or recognition from unaffiliated rating services, companies, and/or publications. LeoGroup receives no compensation or other financial benefits in receiving an award or recognition. Awards or recognitions should not be construed by a client or prospective client as a guarantee that he/she will experience a certain level of results if LeoGroup is engaged, or continues to be engaged, to provide investment advisory services. They should not be construed as a current or past endorsement of LeoGroup by any of its clients. Awards or recognitions generally are based upon information prepared and/or submitted by LeoGroup.

## ITEM 15: CUSTODY

LeoGroup investment management clients' assets are held at unaffiliated qualified custodians. Although LeoGroup does not hold these assets, it is deemed to have custody for purposes of amended Rule 206(4)-2 of the Advisors Act due to its management of client accounts where it is paid its management fee from the client's custodian.

As mentioned previously in Item 13(C), each client will receive account statements directly from the Broker-Dealer. Each client should carefully review those statements. In the event that a client also receives an account statement or report from LeoGroup, each client is urged to compare the account statement they receive from the qualified custodian with the account statement or report they receive from LeoGroup, and to rely solely on the account statement received from the qualified custodian.

## **ITEM 16:**

### **INVESTMENT DISCRETION**

For clients that have hired LeoGroup for investment advisory services, LeoGroup has discretionary authority to manage their investments, such authority having been granted by an Investment Advisory Agreement executed between LeoGroup and the client. LeoGroup receives discretionary authority from the client at the outset of the advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, such discretion is to be exercise in a manner consistent with the investment objectives of the client.

With respect to LeoGroup's exercising actual investment discretion over an account, this authority is granted through a limited power of attorney granted by the client to LeoGroup through a client-executed custodial application and/or related custodial form. A client retains the right and ability to remove any and all of LeoGroup's discretionary authorities over his/her account.

When selecting securities and determining the size of a particular security transaction, LeoGroup observes the investment policies, limitations and restrictions imposed by the clients for which it advises. Investment guidelines and restrictions must be provided to LeoGroup in writing.

## **ITEM 17:**

### **VOTING CLIENT SECURITIES**

It is Leo Group's policy that each client is responsible for voting all of the proxies related to the securities held in his/her account.

## **ITEM 18:**

### **FINANCIAL INFORMATION**

#### **A: Balance Sheet**

LeoGroup does not require prepayment of client fees that would necessitate LeoGroup to provide a balance sheet with this Brochure.

#### **B: Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither LeoGroup nor its management has any financial conditions that are reasonably likely to impair its ability to meet contractual commitments to clients.

#### **A: Bankruptcy Petitions in Previous Ten Years**

LeoGroup has not been the subject of a bankruptcy petition.