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## **Form ADV Part 2A: Disclosure Brochure - The Parkridge Group, LLC**

January 2013

The Parkridge Group, LLC  
1001 E. Entry Drive, Suite 300  
Pittsburgh, PA 15216  
412-561-3330  
[www.ParkridgeGrp.com](http://www.ParkridgeGrp.com)

This Brochure provides information about the business practices and qualifications of The Parkridge Group, LLC (“TPG”). TPG is a financial consulting firm that provides investment advice to individuals, families and various entities. For any questions about the content of this Brochure, please contact David Reidy at 412-561-3330 or at [direidy@parkridgegrp.com](mailto:direidy@parkridgegrp.com). Additional information about The Parkridge Group, LLC is available on the United States Securities and Exchange Commission (“SEC”) website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click the link “Investment Advisor Search” then select “Investment Adviser Firm” and type in “The Parkridge Group”).

TPG is an investment adviser registered with the SEC. The information in this Brochure has not been approved by the SEC or by any state securities authority. Investment adviser registration does not imply a certain level of skill or training.

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## **Item 2: Material Changes**

This section identifies and discusses material changes to the Form ADV 2A Investment Management Disclosure Brochure (“Brochure”) since the version of this Brochure dated September, 2012, the initial filing of this Brochure.

TPG will update this document should the information become materially inaccurate. The amendments will be filed with the required regulatory bodies and clients will receive notice of the amended documents within 30 days of the event(s) causing this document to become materially inadequate.

In addition, clients will be provided with an offer to receive a current Brochure at no cost. TPG will provide a copy of this Brochure within seven (7) days of receiving a written request.

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## Item 4: The Parkridge Group, LLC Advisory Business Overview

### The Firm and Principals

The Parkridge Group, LLC (“TPG”), a Pennsylvania limited liability company, was founded in 2012 to provide services to individuals, families, and various entities. Those services include: (i.) Financial Planning advice on a broad array of subjects impacting finances and (ii.) Investment Advisory solutions.

TPG is wholly owned by Patrick J. Reidy, Esq. who has worked as an financial planning professional for more than 25 years and has extensive experience providing advice to individuals, families, and their associated trusts and investment vehicles. An alumnus of Syracuse University and Boston College, Pat earned Juris Doctor and Masters of Business Administration degrees and is licensed to practice law in Pennsylvania and New York. He serves on the Operating and Investment Committees of TPG that, together, set strategic direction and investment policy for the firm. Prior to forming TPG, Pat was a partner in The Ayco Company, LP (a Goldman Sachs Company) which offered financial planning services primarily to executives of large corporations and other entities. He has worked as an attorney providing legal services to individuals, families, and various entities. Pat serves on a municipal authority board that issues tax exempt financing for a local hospital and has sat on boards of directors for several not-for-profit organizations.

David I. Reidy is Chief Investment Officer of TPG and also serves on the Operating and Investment Committees of the firm. Dave’s experience includes working in key positions with New Penn Financial, LLC, Broad Financial, LLC, and Eternity Asset Management, LLC, where he gained valuable knowledge of the mortgage, private equity, and alternative investments markets, focusing on analytics, organizational development, and sales. He is a graduate of Fairleigh Dickenson University where he studied business administration. David studied history and law at The Pennsylvania State University and the Ohr Somayach Tanenbaum Educational Center.

### Advisory Services

TPG offers services specially tailored to the needs of each client in **Financial Planning** and **Investment Advisory Solutions**.

The **Financial Planning** advisory service includes reviews and advice in subject areas pertinent to client finances including the establishment of investment objectives, allocation of funds to achieve goals, and performance review and monitoring. Subjects are developed and prioritized through extensive interviews and data collection, preparation of short- and long-term cash flow projections, and risk tolerance assessment. TPG works closely with financial advisors and other professionals with whom clients may already have relationships to avoid redundancy, vet product pitches, manage processes, and add value to those relationships by assuring comprehensive adherence to a master plan. TPG also assists those clients who choose to implement advice independently do so by, for example, comparing

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and contrasting client-selected asset allocation models and security selection to other models for performance and cost control purposes, recommending certain investment products which may reasonably be expected to achieve client investment objectives, and to tie investment planning into other financial planning topics. For example, portfolio allocations and rebalancing are done with an understanding of income tax consequences of various investment vehicles.

TPG also provides, in conjunction with Fidelity Investments, an **Investment Advisory Solution** for those clients who choose to delegate responsibility for implementation of TPG's investment planning recommendations to TPG. This involves discretionary investment management, advisory and sub-advisory services through separate accounts, mutual funds, private investment funds, and/or collective investment trusts. TPG offers both equity and fixed income strategies that clients may choose from to meet their needs. Upon request, TPG will accommodate specific restrictions for accounts.

Advisory accounts for which TPG has expressly agreed to serve as investment advisor pursuant to separate agreement are referred to as "Advisory Accounts" and include: (i) accounts that are managed by TPG and employ various investment management strategies based on the clients' stated investment objectives, risk tolerance, and financial circumstances, and (ii) accounts that are managed on a discretionary or non-discretionary basis by external investment professionals with the oversight and consultation of TPG based on the clients' stated investment objectives, risk tolerance, and financial circumstances.

TPG devises proprietary strategies based on client goals to further their interests and executes these strategies with client consent and regular consultation. In addition to trading in securities, TPG may trade in more complex vehicles, such as derivatives, to provide additional benefit to its clients when appropriate. As TPG's client base and their needs are diverse, TPG may advise and manage client investments in private placements and non-traditional or non-market investments when and if these investments will benefit the client and/or at the client's request.

### **Commingled Vehicles**

TPG may serve from time to time as investment adviser or sub-adviser to a number of commingled vehicles such as proprietary and sub-advised mutual funds, proprietary private funds, and sub-advised collective investment trusts.

### **Non-Advisory Services**

In addition, TPG offers the following services to its Financial Planning clientele:

- Income Tax: planning for reduced liabilities, penalty avoidance, and preparation of returns/compliance;
- Estate Services: planning to assure adequate resources for dependents, minimization of tax liabilities, and appropriate distribution scheme for heirs; working with attorneys to document the plan; coordinating all finances after death;
- Risk Management: insuring against catastrophic loss - life, disability, health, long

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- term care, property and casualty policy needs assessment, and policy acquisition;
  - Cash Planning: assessing short- and long-term cash needs (home purchase, education, retirement, tax payments, gifts, vacations) and planning to assure fund availability;
  - Retirement Planning: preparing future wealth accumulation and cash flow projections; advising on saving/investing vehicles; coordinating with investments, taxes, and employee benefits planning;
  - Employee Benefits Planning: reviewing and advising on deferred compensation, stock plans, retirement savings, life, health and disability insurance, and tax withholdings; assuring compliance with employer and government rules and regulations;
  - Real Estate Services: working with realtors, banks, and brokers on home purchases and sales; and,
  - Other Services: advising on domestic relations (pre-nuptials/divorces/adoptions); assessing and advising on inter- and intra-family business opportunities.

Some advice implementation services are provided in-house, where expertise has been developed, or outsourced to professional firms with various degrees of oversight from TPG. For example, simple income tax returns may be prepared by TPG but most are outsourced to a professional accounting firm where TPG has been able to obtain price discounts and priority servicing due to referral volume and relationships. Implementation for estate and other planning that requires legal services is always outsourced to attorneys practicing law in the relevant fields.

TPG's revenue is primarily derived from fees for consulting services and for assets directly managed by or at the discretion of TPG. All clients have the option to pursue investment strategies recommended by TPG through brokers or agents not affiliated with TPG. TPG does not accept performance-based fees of any kind. TPG also accepts no referral fees, instead negotiating for lower external provider fees charged to clients where possible.

### **Investment Services and Accounts**

TPG offers investment services and accounts through its agreement with Fidelity Investments ("Fidelity"). Fidelity provides TPG and its clients a variety of services including, but not limited to, brokerage, custodial, administrative support, cash management, and record keeping.

### **Investment Restrictions**

Clients may impose certain restrictions on the management of Advisory Accounts including restricting particular securities or types of investments provided that TPG accepts such restrictions. The Investment Advisory Agreement entered into between each client and TPG will document any accepted restrictions in writing. Clients should be aware that the overall financial performance of restricted Advisory Accounts might be lower than or otherwise differ from the performance of Advisory Accounts without restrictions. Client accounts will also be reviewed at least quarterly to make sure that stocks and other investments held therein are in accordance with clients' specific investment restrictions and policies.

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## **Wrap Fee Program**

TPG may offer a wrap fee program. If so, clients may pay commissions, commission equivalents, markups, markdowns, and spreads, or other execution charges, in addition to paying advisory fees. TPG may waive execution charges on transactions in certain securities or investment products in certain circumstances and in accordance with its agreement with Fidelity. In instances when a waiver of execution charges is proffered, clients will continue to pay investment advisory fees and any other compensation applicable pursuant to their client agreements with TPG.

## **Assets under Management**

As a newly registered investment adviser, TPG has does not have assets under management to report as of the date of this Brochure.

## **Item 5: Fees and Compensation**

TPG's primary revenue source is client retainer fees for the Financial Planning Service that is described more fully below. Investment advisory fees are generally based on a percentage of the current market value of the assets in client accounts and are set out in the agreement between clients and the firm. TPG reserves the right to negotiate fees and may manage certain accounts without an advisory fee, such as accounts of employees, former employees, employees' affiliates or their relations. Certain clients may pay more or less than others depending on factors including the extent of their relationship with TPG (see below).

### **Fees for The Parkridge Group's Financial Planning Service**

For its Financial Planning Service, TPG charges fees based on the complexity and time requirement of each client's individual needs. Fees may be negotiated at a fixed annual rate (retainer), computed as a percentage of assets under management, charged hourly, or some combination of the above depending on the services rendered. TPG intends to charge retainer fees of between \$3,000 and \$50,000 annually, depending on services rendered. Generally, hourly fees range between \$250 and \$500 depending on services rendered and who performs them.

TPG's Financial Planning Service fee generally includes the following services in addition to others specifically agreed upon by TPG and its clients: the collection and analysis of the client's financial data, the compilation of comprehensive financial projections and recommendations designed to accomplish client goals, tax and estate planning services, risk management evaluations, real estate and other services as needed, and certain asset management services.

### **Fees for Advisory Services: Investment Accounts**

Depending on the agreement between clients and TPG, investment advisory fees may be billed monthly or quarterly, in advance or in arrears, based on the value of assets under



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management. Generally, fees are not automatically deducted. If an advisory relationship is terminated the fees described below will be pro-rated and unearned fees paid in advance will be refunded. The basic fees below represent the fees that may be charged for TPG's Investment Advisory services absent special circumstances. Depending on the strategy selected, clients may also pay execution charges in addition to advisory fees.

The advisory fee paid by each client is set forth on the fee schedule and signed by the client. Fees may be negotiated or rolled into the annual fee for Financial Planning services (see above) and may vary from the schedule below. A client may pay more or less in fees than similar clients depending on their particular circumstances, including account size, additional or differing degrees of servicing, or as otherwise agreed upon.

Advisory account assets invested in certain mutual funds through Fidelity are subject to TPG's advisory fees as well as advisory and various other fees and expenses paid to the service providers of each mutual fund and/or Fidelity. Mutual fund fees and expenses, including any redemption fees for liquidating shares, are described in the relevant fund prospectuses and are paid by the mutual funds but are ultimately borne by clients as shareholders in the funds. Mutual fund fees and expenses may result in a client paying multiple fees with respect to mutual funds held in an advisory account and clients may be able to obtain these services elsewhere at a lower cost. For example, if a client were to purchase a no-load mutual fund directly, the client might pay neither a transaction fee nor an advisory fee (other than those advisory fees or redemption fees which are a part of a mutual fund's expenses).

### **Schedule of Fees**

Absent special and/or agreed upon circumstances, the advisory fees set forth below are the maximum advisory fees that may be charged by TPG. Fees may be negotiable based on account objectives, level of service, other assets under management or other relationships the client has with TPG and its affiliates, and other relevant facts and circumstances. TPG may charge a minimum annual account management fee of \$1,000. Minimum balances or minimum fees may be waived in the sole discretion of TPG or its affiliates. Fee plus commission and/or execution charges apply for each account described below, with the exception that there are no markups or markdowns (described below) on fixed income accounts. An account may be terminated by TPG at its sole discretion if its value falls below certain minimum thresholds as established by TPG.

Strategies in which the execution charge is waived are subject to the fee schedule set forth herein. Clients may be able to obtain the same investment advisory and brokerage services for the strategies in which the execution charge is waived separately, through TPG or other firms, and the cost of obtaining the services separately may be more or less than the investment advisory fees charged when the execution charge is waived, depending on the anticipated trading activity.

Advisory account assets invested in mutual funds for which an adviser outside TPG serves as investment adviser, other than money market funds, will not be included in calculating TPG's advisory fees, though the development and implementation of strategies for external

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accounts may be considered in the determination of annual Financial Planning fees detailed above.

TPG's annual fee schedule is as follows:

<u>Product</u>	<u>Annual Fee</u>
Strategic Asset Allocation	1.00%*
Dividend Growth Premium Value	1.25%*

*\* of assets under management per client*

### Calculation and Deduction of Fees

Advisory fees paid by clients for advisory accounts held at Fidelity according to the above fee schedule are typically charged quarterly in arrears based upon the average market value of the account during the previous quarter adjusted for cash flows (contributions and withdrawals). Fees are prorated and due upon termination or for partial periods unless otherwise specified in client arrangements with TPG.

Fees for TPG's Financial Planning service may be deducted from advisory accounts pursuant to a letter of authorization signed by the client to whom the counseling services are provided. If clients choose to have the investment advisory fees deducted from their accounts, they must authorize TPG (or the qualified custodian(s) of the accounts) to deduct and pay such fees directly to TPG. TPG will send a billing statement to clients before the time that fee deduction instruction is sent to the qualified custodian(s). The billing statement will detail the formula used to calculate the fee, the assets under management, and the period covered. In instances where TPG advises on assets in custody of external advisers, TPG does not apply the asset-based fees above but may increase the Financial Planning fee pursuant to the clients' signed agreement with TPG.

### Other Fees and Expenses

For advisory accounts at Fidelity, Fidelity may impose execution charges for Equities, Fixed Income, and other securities, which will be in addition to the advisory fees charged by TPG and outlined above. TPG does not share in execution charges imposed by Fidelity, and clients may pay more or less than similar clients are charged for identical transactions executed by other brokerage services. Fixed income securities purchased for advisory accounts at Fidelity may include spreads or other charges and fees that may be earned by Fidelity on each transaction. A description of the different types of execution charges that clients may pay is provided in the chart below:

<b>Execution Charge</b>	<b>Description and Applicability</b>
<b>Commissions</b>	The amount charged by a broker for purchasing or selling securities or other investments, as an agent for the client, as disclosed on the client's trade confirmations. Commissions may be charged in

	connection with transactions involving equities, fixed income securities, master limited partnerships, exchange-traded funds, listed options on equities, and any other securities traded as an agent.
<b>Commission Equivalents</b>	The amount charged by a dealer for purchasing or selling securities or other investments in certain riskless principal transactions—transactions in which a dealer, after receiving an order to buy or sell from a client, purchases or sells the security from another person to offset the transaction. Commission equivalents may be charged in connection with transactions in equities, listed options on equities, and master limited partnerships.
<b>Spreads</b>	The difference between the current bid price—or the price, which someone is willing to pay—and the current ask price—the price at which someone is willing to sell. The spread is included in the price of the security. The spread widens or narrows in response to the supply and demand for the security. Spreads are generally included in transactions involving fixed income, structured products, and commodities.
<b>Markups/Markdowns</b>	A markup is the price charged to a client, less the prevailing market price, which is included in the price of the security. A markdown is the prevailing market price of a security, less the amount a dealer pays to purchase the security from the client, which is included in the price of the security. Markups/Markdowns may be included in transactions involving fixed income securities, structured products, and currencies.

Any of the above execution charges will be included in net charges for the execution of advisory transactions as disclosed to the clients.

### **Custody and Administrative Services**

Clients may pay fees for operational and administrative support for their advisory accounts including but not limited to fees for wire transfers and other client services. The amount of these fees varies based on Fidelity's fee schedule for the specific service required.

### **Consolidated Reporting Services**

The Fidelity Platform provides consolidated statements and tax reporting for advisory accounts it holds. TPG does not charge any fee to the client for this level of service though the client may pay its proportional share of the standard expenses of any mutual fund in which it invests through Fidelity.

### **Underlying Fund Fees**

Clients invested in pooled investment vehicles pay all fees and expenses applicable to an

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investment in the funds, including asset-based, performance-based, carried interest, incentive allocation, and other compensation payable to the managers in consideration of the managers' services to the funds and fees paid for advisory, administration, distribution, shareholder servicing, sub-accounting, sub-transfer agency, and other related services, or "12b-1" fees. All of these fees shall be paid to the fund managers directly. TPG will collect no fees in association with outside fund relationships.

Clients who invest in a fund-of-funds vehicle also bear a proportionate share of the fees and expenses of each underlying investment fund. All fees and charges, including execution charges, should be paid to the fund manager and not to TPG. In addition, a manager of a private investment fund may receive deal fees, sponsor fees, monitoring fees, or other similar fees for services provided to portfolio companies. The fees and expenses imposed by a private investment fund may offset trading profits and, therefore, reduce returns.

TPG will accept no incentive or private placement fees from any outside managers based on its recommendation that its clients invest in the private placement or pooled investment vehicles. Neither TPG nor any of its supervised persons shall accept, at any time, compensation for any service or recommendation of investment from any external entity that we recommend to our clients. TPG may, however, charge a fee to clients for services related to evaluation of and recommendation of an investment vehicle pursuant to our client agreements.

### **Availability of Securities and Other Investments**

Certain securities and investment products that TPG recommends or selects for advisory accounts may not be available through Fidelity or may incur a lower fee if purchased externally. In such cases, the client will not incur the advisory fees described above. Rather, TPG will consider itself remunerated based on the fee charged for Financial Planning Services.

### **Fees Offset for Execution Charges**

TPG will reduce, in certain cases pursuant to client agreements, its advisory fees to offset execution charges, including commissions.

### **Fee Refund Policy**

TPG's standard investment advisory contract contains a termination clause which states that any client account may be terminated upon thirty (30) days prior written notice by either party, and any prepaid fees for the period in which the investment advisory contract is terminated are refundable on a *pro rata* basis. Any prorated balance of \$100 or less is not refundable.

### **Item 6: Performance Based Fees and Side by Side Management**

TPG does not currently charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client); however, performance-based fee agreements may be considered in the future and, if so, an updated Disclosure Brochure and

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applicable client investment advisory agreements will be provided. TPG is not engaged in any side-by-side arrangements.

### **Item 7: Types of Clients**

TPG's client base is made up primarily of individuals and families as well as their personal investment vehicles (trusts and businesses). The qualification of a client for TPG's services is determined on a case-by-case basis by TPG based on a judgment of necessity and the ability to provide benefit to the client. In the future TPG is open to the possibility of providing services to a number of other types of clients, provided TPG possesses appropriate licensure and expertise, including:

- Corporations or other business entities
- Endowments, Foundations, and Trusts
- Private Pensions and Profit Sharing Plans (ERISA)
- Insurance Companies
- Public Funds and Taft-Hartley Plans
- Sponsored Advisory Programs
- Sub-advisory Relationships to RIAs

### **Minimum Investment Amounts Required**

There are no minimum investment amounts or conditions required for establishing a relationship with TPG. The minimum investment requirements vary by client and by strategy. Minimum requirements may be established in the future in which case TPG's Disclosure Brochure and client agreements will be updated accordingly.

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

In providing discretionary investment management services and in providing recommendations to non-discretionary clients, TPG uses various investment strategies and methods of analysis, as described below. Sources of information include, among others, investment publications and databases, research from securities firms and brokerage houses, company representatives, and contacts with other investment professionals. TPG also utilizes both public and proprietary research tools to evaluate the risk and benefit of a particular investment in the management of its clients' assets. The experience of TPG's principals and published research by professional analysts determines the suitability of a strategy for a particular client. **Despite TPG's best efforts to mitigate risk, investing in securities involves a risk of loss that clients should be prepared to bear.**

It is not possible to identify all of the risks associated with investing and the particular risks applicable to each account will depend on the nature of the account, its investment strategy or strategies, and the types of securities held. While TPG seeks to manage accounts so that risks are appropriate to the return potential for the strategy, it is often not possible or desirable to mitigate risks fully. Any investment includes the risk of loss, and there can be no guarantee that a particular level of return will be achieved. **Clients should understand that**

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they could lose some or all of their investment and should be prepared to bear the risk of such potential losses.

### Methods of Analysis

TPG develops short-term liquid and longer-term strategic asset allocation strategies for our clients based on their needs (**need based strategic plans**) employing long-term cash flow analyses and TPG's professionals' top down views of markets, asset classes, sectors, and/or securities. An integral part of the process is consulting with clients to determine their risk tolerance and subjective goals so that a personal plan can be developed. The process of preparing cash flow analyses, gathering as much detail as possible as to income and expenses and preparing an exhibit reflecting short- and long-term cash needs, affords us the opportunity to identify financial assets that should be invested very conservatively, typically an amount equal to three to ten years of cash needs, and which, if any, to invest for longer-term growth. This approach minimizes short-term timing risks inherent in financial markets by assuring ample secure funds exist to meet cash needs for periods of time when financial markets may experience severe volatility. Longer-term growth investments are allocated based upon a composite of models available from wire houses, academia, and other public sources, each tactically altered at the discretion of TPG's professionals, often with client input, for macro economic factors including government policies, taxes, inflation, demographics, and industry trends.

Broad allocation categories include stocks (large U.S., medium U.S., small U.S., foreign and emerging markets), fixed income (bonds and cash equivalents), and alternative investments (hedged, real, and private equity). Each category is assessed, where possible, by historic return and risk data and paired with others in various percentages to minimize risk for a certain expected return, or to maximize return for a certain expected risk. For these purposes, risk is measured by standard deviations from the expected returns. However, because all data used in these models is historic, there are no assurances that future results will match expectations. This is why the tactical alteration of historic models based on current events and judgment of experience is important.

In addition, TPG's will analyze the fundamental financial condition and competitive position of a company before recommending its stock. TPG will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position among its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively affect the security.

Further, TPG will utilize its technical analysis, which involves the analysis of past market data rather than specific company data, in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends, which may be based on investor sentiment, rather than the fundamentals of the company. The primary risk in using technical analysis is that identifying historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that TPG will be able to predict such reoccurrence accurately.



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## Investment Strategies

TPG advises clients to use **short-term liquid** strategies in order to minimize short-term market risk. These strategies include cash in banks, certificates of deposit (CDs), and money funds for twelve to twenty-four month cash needs and laddered CDs, bond funds, laddered bonds, and certain hedged equity funds for longer allocations. The focus is largely on credit quality (FDIC and other insurance, credit ratings, and sinking funds) when recommending such securities for this timeframe. As these funds are intended to be spent in short order, convenient client access is also a factor used when considering the provider and custodian and every effort is made to minimize transaction costs. Maximizing returns is often sacrificed for these other considerations.

When allocating client assets to **longer-term strategic allocations**, TPG uses a diverse array of investment vehicles including, but not limited to, mutual funds and ETF's, separately managed accounts, individual securities, options, and/or commodities, often in consultation with clients' other advisers. Selections are made based on where such investments fit within an appropriate strategic allocation model, the tenure and success of management in achieving objectives, fees charged, tax consequences, and availability at certain investment amounts and on certain platforms. Information on various investment options is provided to TPG from SEC filings, advertising materials, investment publications, subscription services, industry contacts, and personal experience. In addition, TPG uses compiled information and its professionals' experienced view of macroeconomic market conditions to make conservative, if not pessimistic, projections as to the risk potential based on the structure of the security. Should a particular security fit the needs of TPG's clients, it will be added to the portfolio only in a percentage appropriate to maintain the client's determined risk tolerance objective.

TPG creates investment portfolios based on the investment objectives, risk tolerance, and individual financial circumstances of each client. TPG's need-based investment strategies consider clients' short- and long-term financial objectives, retirement horizons, life expectancies and tolerance for risk. TPG periodically reviews changes in clients' needs, as well as economic and market conditions. When recommending any investment, TPG is sensitive to expenses and fees as they relate to added value and return. The strategies and asset classes that TPG may use include:

*Equities:* TPG invests in the full spectrum of equities including individual stocks, index and actively managed funds. US stocks are diversified by style and size of companies, as well as management methodology. Foreign stocks include both developed and emerging markets and, at times, with currency hedges in place.

*Bonds:* There are a number of bond categories that TPG may recommend at various times:

- U.S. Government, inflation protected, municipal, floating rate, adjustable agency, mortgage-backed, convertible, asset-backed, corporate, and foreign;

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- From high quality and investment grade to high yield and distressed; and,
  - Durations may include ultra-short, short, intermediate, and long-term bonds; Individual bonds may be laddered, actively managed, or indexed and held individually or in separately managed accounts, mutual funds, ETFs, and/or ETNs.

*Hard Assets:* Hard assets may benefit from rising prices and may perform better in an inflationary environment. TPG utilizes hard assets to further diversify portfolios and as an inflation hedge. Categories may include:

- Diversified commodities indexes, as well as actively managed companies that hold, produce, and/or distribute commodities;
  - Real estate investment trusts; and,
  - Futures contracts;
- Hard assets may be held individually or in separately managed accounts, mutual funds, ETFs, and/or ETNs;

*Alternative Investments:* TPG attempts to provide clients with further portfolio diversification through a variety of asset classes that may offer returns not highly correlated with US or foreign stocks, bonds, or hard assets. These may include managed futures, merger arbitrage, long-short, interest rate hedges, and diversified strategies which may include relative value, event-driven, directional, pairs trading, multi-strategy, and multi-manager strategies.

*Cash and Cash-equivalents:* These are short-term in nature, set aside for future cash needs and for ultra-conservative allocations. These may include money market funds, bank deposits, certificates of deposit, commercial paper, and/or treasury bills.

## **Risk of Loss**

Generally, in formulating investment advice as part of its Financial Planning or advisory services, TPG relies on strategic and tactical asset allocation models using Fidelity's and other subscription services' available and published research, as well as TPG's proprietary analysis.

*Risks Applicable to all Advisory Accounts.* This brochure does not disclose every potential risk associated with an investment strategy or all of the risks applicable to a particular Advisory Account, and these risks may apply to assets held at or away from TPG. Rather, this is a general description of the nature and risks of the strategies, securities, and other instruments in which the advisory accounts may invest. Except as otherwise expressly agreed in writing, TPG does not assume any duties to take action pursuant to recommendations, advice, or financial planning strategies that TPG may provide to clients, which ultimately remain the client's obligation. Advisory clients are not required to implement their financial plans through advisory accounts or external accounts, and TPG is not responsible for mitigating any of these risks for clients implementing their investment strategies. The following risks are applicable to all strategies:



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Market/Volatility Risk – This is the risk that the value of the assets in which an Advisory Account invests may decrease (potentially dramatically) in response to the prospects of individual companies (particularly industry sectors or governments), general economic conditions, interest rates, changing supply and demand relationships, programs and policies of governments, and national and international political and economic events and policies. Past performance may not be indicative of future results.

Operational Risk – This is the risk of loss arising from shortcomings or failures in internal processes or systems of TPG, external events affecting those systems, and human error. Operational risk can arise from many factors ranging from routine processing errors to major systems failures.

Liquidity Risk – This is the risk that an Advisory Account may not be able to monetize investments either because those investments have become less liquid or illiquid in response to market developments or adverse investor perceptions.

Concentration Risk – This is the risk of loss associated with not having a diversified portfolio. Investments concentrated in a geographic region, industry sector, or issuer will experience greater loss due to an adverse economic, business, or political development affecting the region, sector, or issuer than an account that is diversified and therefore has less overall exposure to that region, sector, or issuer.

Tax, Legal and Regulatory Risks – This is the risk of loss due to increased costs and reduced investment and trading opportunities resulting from unanticipated legal, tax, and regulatory changes.

*Equity Risks.* All investing entails risk. There is no guarantee that the investment methodologies described here will work under all markets conditions. Investing with TPG is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any government agency. Individual products should not be relied upon as a complete investment program. There can be no assurance that a client's portfolio will achieve its investment objectives. In fact, clients should understand that there will definitely be periods in which these investment methods will not produce the desired returns. Risk comes in many forms and investors should be sure that they understand the possible downside to equity investing. Some types of risk are summarized here:

Stock Risk - Stock prices have historically risen and fallen in periodic cycles. U.S. and foreign stock markets have experienced periods of substantial price volatility in the past and may do so again in the future.

Market Risk - The value of the instruments in which TPG invests may go up or down in response to the prospects of individual companies, particular industry sectors, or governments and/or general economic conditions.

Investment Style Risk - Different investment styles (e.g.: "growth" or "value") tend to shift in and out of favor depending upon market and economic conditions and investor sentiment. One portfolio may outperform or underperform other portfolios that invest in similar asset classes but employ different investment styles.

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**Market Capitalization Risk** - Investments in mid-capitalization and small-capitalization companies involve greater risks than investments in larger, more established companies. Mid- and Small-Cap securities may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

**Non-Diversification Risk** - Non-diversified or concentrated means that a portfolio may invest a larger percentage of its assets in fewer issuers than a diversified portfolio. For these portfolios, there is a greater risk that a material event, which negatively affects one or more of the securities, could have a meaningful negative impact on the performance of the entire portfolio. In addition, because of the limited number of holdings in the portfolio, there is the risk over shorter periods of time that the portfolio's performance may differ noticeably from its benchmark indexes.

**Option Writing Risk** - Writing (selling) call options limits the opportunity to profit from an increase in the market value of stocks in exchange for up-front cash (the premium) at the time of selling the call option. In a rising market, the fund could significantly underperform the market. Furthermore, the fund's call option writing strategies may not fully protect it against market declines because the fund will continue to bear the risk of a decline in the value of its portfolio securities. In a sharply falling equity market, the fund will likely also experience sharp declines in its market value.

**Foreign Risk** - Foreign securities may be subject to risk of loss because of less foreign government regulation, less public information, and less economic, political and social stability in these countries. Loss may also result from the imposition of exchange controls, confiscations, and other government restrictions, or from problems in registration, settlement, or custody. Foreign risk also involves the risk of negative foreign currency rate fluctuations, which may cause the value of securities denominated in such foreign currency (or other instruments through which the fund has exposure to foreign currencies) to decline in value. Currency exchange rates may fluctuate significantly over short periods.

**Emerging Countries Risk** - The securities markets of most Central and South American, African, Middle Eastern, Asian, Eastern European, and other emerging countries are less liquid, are especially subject to greater price volatility, have generally smaller market capitalizations, have less government regulation, and are not subject to as extensive and frequent accounting, financial, and other reporting requirements as the securities markets of more developed countries.

**Management Risk** - A strategy used by TPG may fail to produce the intended results. TPG attempts to execute a complex strategy for client portfolios using proprietary investment models. Investments selected using these models may perform differently than expected as a result of the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models (including, for example, data problems and/or software issues). There is no guarantee that the TPG's use of these quantitative models will result in effective investment results for client portfolios. Additionally, commonality of holdings across money managers with similar strategies may amplify losses.

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**Portfolio Turnover Rate Risk** - A high rate of portfolio turnover (100% or more) involves correspondingly greater expenses, which must be borne by all portfolios in the strategy, and is likely to result in short-term capital gains.

**Mutual Fund and Exchange Traded Fund and Note Risk** - An investment in a mutual fund, ETF or ETN involves risk, including the loss of principal. Shareholders are necessarily subject to the risks stemming from the individual issuers of the funds' underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as funds are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders' fees (*e.g.*, sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs and ETNs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF and ETN shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based funds and more frequently for actively managed funds. Certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. Also, there is no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, a fund only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF or ETN, a shareholder may have no way to dispose of such shares.

**Options Risks** - Options allow investors to buy or sell a security at a contracted "strike" price (not necessarily the current market price) at or within a specific period. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer, which may be unwilling or unable to perform its contractual obligations.

**Market Risks** - The profitability of a significant portion of TPG's recommendations may depend, to a great extent, upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that TPG will be able to predict those price movements accurately.

**General Risk of Loss** - Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

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## **Item 9: Disciplinary Information**

**Item 9** is not applicable to this Disclosure Brochure because there are no legal or disciplinary events taken by any regulatory authority, government agency, or industry or trade group against TPG, its principals, or any of its supervised persons.

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

### **Registered Representatives of a Broker/Dealer**

TPG's business involves providing investment advice. Neither TPG nor any of its management persons are registered or are seeking registration as representatives of a broker dealer or serve as a broker dealer. No management persons of TPG are registered or have pending an application to register as a futures commission merchant, a commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

If, in the future, a sale of a recommended brokerage security of an affiliate occurs, a conflict of interest may exist where such independent contractors or registered representatives earn commissions for the sale of those products, which may create an incentive to recommend such products. TPG requires that all independent contractors or registered representatives disclose this conflict of interest when such recommendations are made. In addition, TPG requires independent contractors or registered representatives to disclose that clients may purchase recommended products from other broker/dealer registered representatives not affiliated with TPG. For more information, please read **Item 11**.

### **Sponsor of Limited Liability Company or Partnerships**

In the future, TPG may recommend that certain qualified clients and other potential investors purchase interests in a limited liability company, partnership, or other investment fund or entity, for which TPG may serve as investment manager. No such limited liability companies or partnerships exist presently and this Disclosure Brochure will be updated accordingly before any such sales.

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

TPG has adopted a Code of Ethics ("Code") based on the firm's commitment to ethical conduct and to govern a number of potential conflicts of interest which may arise during the course of providing advisory services to clients. This Code is designed to ensure that TPG meets its fiduciary obligation to clients (or prospective clients) and to ensure a culture of compliance within TPG. An additional benefit of the Code is to detect and prevent violations of securities laws, including the obligations owed to clients. The Code is comprehensive, is distributed to each employee at the time of hire, and available annually thereafter. The Code is supplemented with annual training and continuous monitoring of employee activity. The Code includes the following:

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- Requirements related to the confidentiality of client account information;
  - Prohibitions on:
    - Insider trading;
    - Spreading rumors;
    - The acceptance of gifts and entertainment that exceed policy standards;
  - Reporting of gifts and business entertainment;
  - Pre-clearance of employees' personal securities transactions;
  - On-going reporting of personal securities transactions; and,
  - Annually requiring employees to re-certify to the Code, identify members of their household and any account(s) to which they have a beneficial ownership (where they "own" the account or have "authority" over the account), identify all securities held in certificate form, and identify all securities they own at that time.

As an overriding policy, TPG requires that each principal, director, officer, and employee place the interests of clients ahead of their own and avoid conduct that could create a realized or potential conflict of interest. The Code does not prohibit personal trading by employees because we like to follow our own advice. Accordingly, employees may purchase or sell the same or similar securities at the same time as clients. Such transactions by employees may create a potential conflict of interest. For example, an employee may have an incentive to take advantage of the market effect of a client trade. Similarly, the market effect of a trade by an employee may negatively affect the price in a subsequent trade for a client. Accordingly, the Code addresses these potential conflicts by containing provisions restricting personal trading as follows:

- restrictions on investing in private placements;
- prior written clearance of all non-exempt trades;
- prohibition against purchasing or selling a non-exempt security within seven days before or after the date on which a transaction in the same security is effected for a client;
- prohibition against short-term trading in securities held or being considered for clients accounts;
- regular reporting of personal trades; and,
- prohibition against trading while in the possession of material non-public information.

TPG allows employees to effect transactions in non-exempt securities in commingled vehicles based on a determination that such transactions do not present a material conflict with client interests. This determination is made based on industry standards and best practices. Consistent with its fiduciary duty, no person employed by TPG shall prioritize his or her own interest over that of any client or make personal investment decisions based on the investment management activities of clients. TPG will provide a copy of the Code to any client or prospective client upon request. Requests should be directed to TPG's Chief Compliance Officer, David I. Reidy, by phone at 412-561-3330 or by mail at 1001 E. Entry Drive, Suite 300, Pittsburgh, PA 15216.

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As noted in **Item 4**, TPG both manages client funds and acts as a client advocate with outside advisers in order to execute asset allocation strategies devised by TPG at its clients' behest. TPG acts on a non-discretionary basis in the management of its clients' assets and executes buy and sell orders at their direction. Further, TPG may trade in more complex securities and derivatives at client request when appropriate, as determined by a consensus between the client and TPG. As TPG has devised proprietary strategies for hedging risk and maximizing return through such practices, its management may engage in such trading strategies, at times, for their own benefit only when no material conflict of interest is present.

## **Item 12: Brokerage Practices**

TPG acts as a broker for its clients only when its services are of material benefit from a cost, convenience, or capacity perspective. TPG maintains, as its broker dealer, Fidelity Investments and recommends Fidelity only when a material benefit can be realized from utilizing its services. In addition, to function as TPG's broker dealer, Fidelity Investments provides proprietary and third party research services to TPG as well as access to cost effective products and asset allocation tools that might benefit TPG's clients. Further, TPG does not partake in Fidelity's commission structure and receives no economic benefit from its relationship with Fidelity Investments.

TPG believes that no material conflict of interest exists based upon its relationship with Fidelity Investments. Fidelity Investments charges commissions and mark-ups to clients for trade execution services; however, its proprietary research and commission free products offset this cost, as TPG does not need to charge clients for such services.

TPG does have an interest in recommending Fidelity Investments as its clients' broker dealer because of the research, products and services Fidelity provides to TPG. TPG's interest in recommending Fidelity to its clients is not in conflict with its clients' interest, as a strong relationship with a broker dealer may result in lower costs, more effective execution, and additional benefits to both TPG and its clients.

TPG, in all instances where its clients do not use Fidelity's services, works with clients' existing broker dealer and/or adviser and may recommend specific outside or independent advisers to clients.

## **Item 13: Review of Accounts**

### **Account Reviews and Reviewers**

Account reviews are made on a regular basis during a calendar year. TPG's Chief Compliance Officer reviews all transactions regularly, with other internal professionals providing support. TPG's investment professionals will review client accounts quarterly or more frequently based on client agreements or at a client's request. Reviews are conducted with clients and/or outside investment consultants, managers, and custodians as appropriate. Reviews will evaluate performance, identify investment needs and challenges, and develop responses to these as necessary.



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Additionally, TPG will review client accounts when any of the following occur:

- A significant change in the investment environment;
- A significant change in investment performance that is inconsistent with the investment's goals and a client's risk parameters; and/or,
- A major change in a client's financial situation or assets under management.

Further, TPG will endeavor to be responsive to any insight or concern expressed by its clients or their external advisers. Contact with clients is maintained through telephone calls, meetings, and various electronic means to keep all informed about the investment strategy being used to implement investment objectives.

### **Statements and Reports**

Clients are provided with transaction confirmation notices and regular account statements directly from the qualified custodian. Additionally, TPG may provide performance reports quarterly and upon request. TPG may furnish each client with written reports regarding their portfolio, which includes holdings, transactions, investment performance, and strategy. Portfolio reports are provided as requested by clients who are encouraged to compare any reports or statements provided by TPG, a sub-adviser, or third-party money manager against the account statements delivered from the qualified custodian. When clients have questions about an account statement, they should contact the TPG and/or the qualified custodian preparing the statement.

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

To date, TPG has not compensated any person, directly or indirectly, for client referrals. Further, the only compensation received from advisory services is the fees charged for providing investment advisory services as described in **Item 5** of this Disclosure Brochure. TPG receives no other forms of compensation in connection with providing investment advice.

In the future, TPG may compensate employees and unrelated third parties for client referrals in accordance with the rule detailed in the Investment Advisors Act of 1940, as amended (Rule 206(4)-3). The compensation paid to any employee or third party would typically consist of a cash payment stated as a percentage of the advisory fee. All clients whose accounts would be subject to referral fees would be fully informed in writing of the terms and conditions of the referral fees to be paid and would acknowledge such terms and conditions in writing. In no case would a referral fee payment result in any increase in the fee paid by the client.

Please see **Item 5**, Fees and Compensation, **Item 10**, Other Financial Industry Activities and Affiliations and **Item 12**, Brokerage Practices, for additional discussion concerning other compensation.

### **Item 15: Custody**

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TPG does not actually take custody of client assets. The designated custodian holds all assets in custody for clients. However, as set forth in **Item 5**, certain clients have the option of authorizing TPG to debit advisory fees from their custodial account. Although the custodian will still hold all assets, TPG is considered to have limited custody of such assets due to this ability to deduct fees. Generally, the custodian will not validate fees unless clients have hired them to do so. Accordingly, TPG has established policies and procedures for reviewing the accuracy of fee deductions.

With the cooperation of the custodian, TPG receives daily electronic files containing the holdings and transactions for client custody accounts and reconciles these records against TPG's accounting records. In this way, the accuracy of accounting records is ensured, errors promptly corrected, and discrepancies resolved. If the custodian is not able to send an electronic file, TPG will reconcile accounts monthly using the hard copy reports received from the custodian.

As described in **Item 13**, clients should receive statements at least quarterly, both from the custodian and from TPG. Clients are urged to compare the account statement received from the qualified custodian and the statements TPG provides. There are common discrepancies that may occur between these statements. For example, the custodian might show settlement date positions whereas TPG may report trade date positions. Different pricing sources can cause differences in market values. To ascertain market values, TPG may use a pricing source different from the custodian that may result in temporary differences in stated values.

Clients with advisory accounts generally custody their funds and securities with Fidelity Investments. Clients may also enter into separate custody agreements with external advisers or qualified custodians and maintain their funds or securities there. In addition, under the Investment Advisers Act of 1940, as amended, TPG may be deemed to have custody over certain client assets when custody is not maintained by other third party custodians. TPG has limited power of attorney over such assets for bill pay services.

#### **Item 16: Investment Discretion**

The investment advisory agreement between TPG and its clients sets forth the limits, if any, on TPG's permission to purchase or sell securities on behalf of clients. For discretionary accounts, TPG generally has full permission, or discretion, as to which securities to buy and sell and the amount of such securities. However, as noted above, TPG does not seek discretionary authority over client's assets but will do so if requested. Clients may limit TPG's discretionary authority by specifying, for example, individual securities or industries that are not to be purchased or by limiting portfolio weights in a specific security or industry.

Alternatively, clients may enter into a non-discretionary arrangement with TPG, under which limited permissions are granted. In addition to the limitations clients may place on the account described above, non-discretionary client accounts may choose to accept only TPG's investment recommendations and maintain control over the investment decisions, or clients could require that TPG receive approval prior to executing a recommended investment transaction. The terms of TPG's investment advisory agreements will vary from client to client and from time to time.



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### **Item 17: Voting Client Securities**

TPG does not have the authority to vote client securities. Clients should have access to all assets managed directly by TPG or indirectly by other advisers and will thus be able to obtain proxy information on their own. Therefore, it is the responsibility of clients to vote all proxies for securities held in accounts. Proxies will be received directly from the qualified custodian, company, or transfer agent; TPG will not provide proxies. Clients are encouraged to read the information provided with the proxy-voting documents and make a determination based on that information. As with any investment issue, clients are encouraged to contact TPG with questions about proxy statements or solicitations.

### **Item 18: Financial Information**

TPG does not have a financial condition that would impair our ability to meet contractual commitments to our clients and has never been the subject of a bankruptcy proceeding.

**End of ADV Part 2A**