

# Disclosure Brochure

March 30, 2013

## FFT WEALTH MANAGEMENT, LLC

a Registered Investment Adviser

One Tower Bridge, 100 Front Street, Suite 1300 West Conshohocken, Pennsylvania 19428  
(610) 545-6100

[www.forbesfamilytrust.com](http://www.forbesfamilytrust.com)

This brochure provides information about the qualifications and business practices of FFT Wealth Management LLC (hereinafter "FFT"). If you have any questions about the contents of this brochure, please contact FFT compliance at (610)545-6100. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about FFT Wealth Management LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

FFT Wealth Management LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

## Item 2. Material Changes

This Item discusses only the material changes that have occurred since FFT's last annual update dated August 30, 2012.

Item 4 - Advisory Business - Asset numbers have been updated December 31, 2012.

Item 5- Fees and Compensation- Has been updated to reflect securities brokerage services and updated investment management fees.

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## Item 4. Advisory Business

FFT has been in business as an SEC registered investment adviser since June 23, 2010. As further disclosed in Item 10, FFT is under common control with another SEC investment adviser, LGL Partners, LLC ("LGL"). As of December 31, 2012, FFT had \$156,656,665 in assets under management, all of which was managed on a discretionary basis.

The principal owners of FFT Wealth Management are the principal owners of a separately registered investment advisor LGL Partners, LLC. LGL Partners provides ongoing reporting, monitoring and oversight (advises) on certain assets that are not considered, under the SEC reporting standard, part of LGL's Regulatory Assets Under Management. At 12/31/2012, assets under advisement for LGL and FFT combined were \$1,443,322,445.

FFT provides financial planning, consulting, and investment management services. Prior to engaging FFT to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with FFT setting forth the terms and conditions under which FFT renders its services (collectively the "Agreement").

This Disclosure Brochure describes the business of FFT. Certain sections will also describe the activities of Supervised Persons. Supervised Persons are any of FFT's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on FFT's behalf and is subject to FFT's supervision or control.

### Financial Planning and Consulting Services

FFT may provide its clients with a broad range of comprehensive financial planning and consulting services. These services are tailored based on the individual needs of the client. In performing its services, FFT is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. FFT may recommend the services of itself, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if FFT recommends its own services. The client is under no obligation to act upon any of the recommendations made by FFT under a financial planning or consulting engagement or to engage the services of any such recommended professional, including FFT itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of FFT's recommendations. Clients are advised that it remains their responsibility to promptly notify FFT if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising FFT's previous recommendations and/or services.

### Investment Management Services

Clients can engage FFT to manage all or a portion of their assets on a discretionary or non-discretionary basis.

FFT primarily allocates clients' investment management assets among mutual funds, exchange-traded funds ("ETFs"), Independent Managers (as defined below), and alternative investments in accordance with the investment objectives of the client. The firm may also provide advice with regard to legacy positions or investments otherwise held in its clients' portfolios.

Certain of the alternative investments recommended by FFT, which may include debt, equity and/or pooled investment vehicles, exist in the form of private placement securities. Accordingly, FFT limits the recommendation of such to clients which are deemed to be "accredited investors," as defined

under Rule 501 of the Securities Act of 1933.

FFT also may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In so doing, FFT either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

FFT tailors its advisory services to the individual needs of clients. FFT consults with clients initially and on an ongoing basis to develop an investment policy statement which determines risk tolerance, time horizon and other factors that may impact the clients' investment needs. FFT ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify FFT if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon FFT's management services.

Clients may impose reasonable restrictions or mandates on the management of their account (e.g. require that a portion of their assets be invested in socially responsible funds) if, in FFT's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

#### Use of Independent Managers

As mentioned above, FFT recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers ("Independent Managers"), based upon the stated investment objectives of the client. The terms and conditions under which the client engages the Independent Managers are set forth in a separate written agreement between FFT or the client and the designated Independent Managers. FFT renders services to the client relative to the discretionary and/or non-discretionary selection or recommendation of Independent Managers. FFT also monitors and reviews the account performance and the client's investment objectives. FFT receives an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated Independent Managers.

When recommending or selecting an Independent Manager for a client, FFT reviews information about the Independent Manager such as its disclosure brochure and/or material supplied by the Independent Manager or independent third parties for a description of the Independent Manager's investment strategies, past performance and risk results to the extent available. Factors that FFT considers in recommending an Independent Manager include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated Independent Managers, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, FFT's investment advisory fee set forth above. As discussed above, the client may incur additional fees than those charged by FFT, the designated Independent Managers, and corresponding broker-dealer and custodian.

In addition to FFT's written disclosure brochure, the client also receives the written disclosure brochure of the designated Independent Managers. Certain Independent Managers may impose more restrictive account requirements and varying billing practices than FFT. In such instances, FFT may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

#### Management of Collective Investment Vehicle

Certain of the principals of FFT are also the principals of Bala Capital Group, the general partner to both the Bala Capital Fund, LLC and Bala Capital Opportunity Fund, L.P. (collectively the "Private Funds"), which are private investment funds managed by the firm's affiliated investment adviser, LGL Partners, LLC ("LGL"). Interests in the Private Funds are privately offered pursuant to Regulation D under the Securities Act of 1933, as amended. The Private Funds currently rely on an exemption from registration under the Investment Company Act of 1940, as amended.

Participation as an investor in the Private Funds is restricted to investors that are qualified clients pursuant to the requirements under Rule 205-3 under the Investment Advisers Act of 1940, as well as are "accredited investors" as defined under Rule 501 of the Securities Act of 1933, as amended.

To the extent certain of FFT's individual advisory clients qualify, they will be eligible to participate as limited partners of the Private Funds. Investment in the Private Funds involves a significant degree of risk. All relevant information, terms and conditions relative to the Private Funds, including the compensation received by FFT or any affiliate as the general partner and/or investment manager, suitability, risk factors, and potential conflicts of interest, are set forth in the Confidential Private Offering Memorandum (the "Memorandum"), Limited Partnership Agreement (the "Agreement"), and Subscription Agreement (together, the "Offering Documents"), which each investor is required to receive and/or execute prior to being accepted as an investor in the Private Funds.

## Item 5. Fees and Compensation

FFT offers its services on a fee basis, which may include fixed fees or fees based upon assets under management. Certain of the firm's supervised persons may also provide private securities brokerage service under a separate commission based arrangement.

### Financial Planning and Consulting Fees

FFT charges a fixed fee for its standalone financial planning and consulting services. These fees are negotiable, but generally range from \$5,000 to \$1,500,000. These fees are largely determined by the complexity of an engagement, the level and scope of the services, and the professional engaged to render the services. If the client engages FFT for additional investment advisory services, FFT may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

Prior to engaging FFT to provide financial planning and/or consulting services, the client is required to enter into a written agreement with FFT setting forth the terms and conditions of the engagement. Generally, FFT requires one-half of the fixed fee payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

### Investment Management Fee

If engaged to provide investment management services, FFT charges either an annual fee based upon assets under management or, in the alternative, a fixed annual fee.

The firm's asset-based fee varies between 0.10% and 1.50% of the assets being managed by FFT, depending upon the size of a client's investment portfolio, the complexity of an engagement and the type of services to be rendered. This fee is prorated and charged quarterly, in arrears, based upon the average daily balance of the assets during the previous quarter.

The firm's fixed fees generally range from \$5,000 to \$1,500,000 annually and are charged quarterly in arrears. These fees are individually negotiated by FFT and its clients and agreed upon prior to commencing services.

FFT, in its sole discretion, may negotiate to charge a lesser family office or management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, pro bono activities, etc.).

### Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), FFT generally recommends that clients utilize the brokerage and clearing services of Fidelity Institutional Wealth Services ("Fidelity") for investment management accounts.

FFT may only implement its investment management recommendations after the client has arranged for and furnished FFT with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, Fidelity, any other broker-dealer recommended by FFT, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "Financial Institutions").

Clients may incur certain charges imposed by the Financial Institutions and other third parties such as fees charged by Independent Managers (as defined below), custodial fees, charges imposed

directly by a mutual fund or ETF in the account, which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to FFT's fee.

#### Fee Debit

FFT's Agreement and the separate agreement with any Financial Institutions may authorize FFT or Independent Managers to debit the client's account for the amount of FFT's fee and to directly remit that management fee to FFT or the Independent Managers. Any Financial Institutions recommended by FFT have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to FFT. Alternatively, clients may elect to have FFT send an invoice for payment.

#### Fees for Management During Partial Quarters of Service

For the initial period of investment management services, the fees are calculated on a pro rata basis. The Agreement between FFT and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement. FFT's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to FFT's right to terminate an account. Additions may be in cash or securities provided that FFT reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account.

Clients may withdraw account assets on notice to FFT, subject to the usual and customary securities settlement procedures. However, FFT designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. FFT may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

Since FFT's investment management fees are based on the average daily account value for the previous quarter, if assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to those assets is adjusted accordingly.

#### Commissions for Securities Brokerage

Certain of FFT's Supervised Persons are registered representatives of CV Brokerage, Inc. ("CV"), an SEC registered broker-dealer and member of FINRA. In limited situations, the firm's advisory clients can, but are under no obligation to, engage FFT in this capacity to broker securities transactions and provide other related services under a separate commission based arrangement. FFT does not, however, provide clients with trade execution or other retail brokerage services.



## Item 6. Performance-Based Fees and Side-by-Side Management

FFT does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

An affiliate of FFT generally renders investment management services to qualified clients for a performance based fee. This fee arrangement raises potential conflict of interest. The performance fee may be an incentive for the affiliate to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In addition, where FFT's affiliate charges performance-based fees and also provides similar services to accounts not being charged performance-based fees, there is an incentive to favor accounts paying a performance-based fee.

FFT has procedures in place to ensure that any recommendations made are in the best interest of clients regardless of whether the client is paying a performance-based fee or different type of fee.

## Item 7. Types of Clients

FFT currently provides its services to high net worth individuals.

### Minimum Account Size

FFT does not impose a minimum portfolio size or minimum annual fee. Certain Independent Managers may, however, impose more restrictive account requirements and varying billing practices than FFT. In such instances, FFT may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

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

### Methods of Analysis

In determining investment opportunities, FFT uses a proprietary combination of inherently fundamental and/or technical analytical indicators, while relying on asset allocation optimization for purposes of assessing portfolio weightings.

Fundamental analysis involves an examination of the fundamental financial condition and competitive position of a company. FFT analyzes the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst 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 impact the security.

Technical analysis involves the examination of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis involves the use of charts and other metrics in an effort 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 spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that FFT will be able to accurately predict such a reoccurrence.

Asset allocation optimization involves an analytical measure whereby the firm seeks to balance risk and reward by apportioning portfolio assets among various asset classes according to an individual's objectives, time horizon and risk tolerance. While FFT believes that this diversification affords clients an added level of protection from overexposure to any one asset class, it also subjects portfolios to a variety of asset classes that may prove volatile during a given period.

### Investment Strategies

Upon initiating a client relationship, FFT works with a client to ascertain his/her/its investment objectives, risk profile, and investment management goals. The firm discusses its client's family and trust situation, estate planning, sources of income, expenses, assets, and insurance coverage. FFT may incorporate those findings within a liquidity profile in formulating an Investment Policy Statement ("IPS").

### Investment Policy Statement (IPS)

Through the IPS, which undergirds the ongoing client relationship, the firm seeks to accomplish the following:

- Provide a clear understanding for all parties involved in the investment policy regarding the investment goals and objectives of the client's portfolio;
- Identify the parties who will participate in the development, implementation, management, and evaluation of the client's portfolio;
- Define and assign responsibilities to all involved parties;
- Offer guidance and limitations regarding the investment of the client's portfolio;
- Establish a basis for evaluating investment results for the client's portfolio;

- Arrange for the management of the client's portfolio in a manner consistent with the IPS; and
- Establish the relevant investment horizon for which the client's portfolio will be managed.

### Investment Philosophy

FFT is a data-driven, analytical firm. FFT focuses on results and endeavors to deliver the most cost effective investment solutions to its clients in each asset class.

### Investment Selection

Once risk and return objectives are established, the asset allocation process starts. Proprietary analytical resources are used to optimize asset allocation mixes, construct stress tests and conduct cash flow analyses to assess the impact of actual or potential market conditions.

The asset allocation outputs feed into the manager and instrument selection process. FFT advises its clients to invest their assets in a diversified group of investment solutions, across asset classes - ranging from equity, fixed income, real estate, commodities, ETFs, hedge funds, private equity and alternative assets.

Based on numerous levels of analysis, the firm analyzes each investment opportunity with substantially the same repeatable process. This process begins by focusing on investments that have a clear and defined investment opportunity, with the target for above average risk-adjusted returns and limited volatility. These investments may engage in a wide range of investment strategies.

FFT's quantitative tools afford the firm what it believes to be a sophisticated understanding of what drives returns. It is FFT's view that the firm's systems allow it to understand and identify whether the market or the manager is contributing to performance. The firm feels that managers should be rewarded for their ability to earn a return above and beyond the return delivered by the market. By separating alpha from beta, FFT seeks to objectively evaluate true investment talent and, in turn, deliver the most cost-effective investment solutions to its clients.

Once the manager and instrument selection is complete and capital is allocated, the process continues with active monitoring, rebalancing and reporting. The firm monitors clients' portfolios and allocations continually in an effort to ensure that allocations are consistent, managers are performing according to expectations and risk and return are as anticipated.

### Risks of Loss

#### Mutual Funds and Exchange Traded Funds (ETFs)

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs 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 are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV.

There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF 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, a shareholder may have no way to dispose of such shares.

#### Options

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 of time. 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.

#### Real Estate Investment Trusts (REITs)

FFT may recommend an investment in, or allocate assets among, various REITs, the shares of which exist in the form of either publicly traded or privately placed securities. REITs are collective investment vehicles with portfolios comprised primarily of real estate and mortgage related holdings. Many REITs hold heavy concentrations of investments tied to commercial and/or residential developments, which inherently subject REIT investors to the risks associated with a downturn in the real estate market.

Investments linked to certain regions that experience greater volatility in the local real estate market may give rise to large fluctuations in the value of the vehicle's shares. Mortgage related holdings may give rise to additional concerns pertaining to interest rates, inflation, liquidity and counterparty risk.

#### Market Risks

The profitability of a significant portion of FFT'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 FFT will be able to predict those price movements accurately.

#### Use of Independent Managers

FFT may recommend the use of Independent Managers for certain clients. FFT will continue to do ongoing due diligence of such managers, but such recommendations relies, to a great extent, on the Independent Managers ability to successfully implement their investment strategy. In addition, FFT does not have the ability to supervise the Independent Managers on a day-to-day basis other than as previously described in response to Item 4, above.

#### Use of Private Collective Investment Vehicles

FFT may recommend the investment by certain clients in privately placed collective investment vehicles (some of which may be typically called "hedge funds"). The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. The client will receive a private placement memorandum and/or other documents explaining such risks.

#### Use of Margin

To the extent that a client authorizes the use of margin, and margin is thereafter employed by FFT in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to FFT will be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest whereby the client's decision to employ margin shall correspondingly increase the management fee payable to FFT. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

While the use of margin borrowing can substantially improve returns, such use may also increase the adverse impact to which a client's portfolio may be subject. Borrowings will usually be from securities brokers and dealers and will typically be secured by the client's securities and/or other assets. Under certain circumstances, such a broker-dealer may demand an increase in the collateral that secures the client's obligations and if the client were unable to provide additional collateral, the broker-dealer could liquidate assets held in the account to satisfy the client's obligations to the broker-dealer. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the client's borrowings and the interest rates on those borrowings, which will fluctuate, will have a significant effect on the client's profitability.

#### General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

## Item 9. Disciplinary Information

FFT is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. FFT does not have any required disclosures to this Item.

## Item 10. Other Financial Industry Activities and Affiliations

FFT is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. FFT has described such relationships and arrangements below.

### Related Investment Adviser

FFT is under common control with its affiliated SEC registered investment adviser, LGL Partners, LLC ("LGL") (CRD No. 154070). Certain principals and Supervised Persons of FFT also serve in the same or similar capacity for LGL. FFT's principal place of business is the same as that of LGL.

### Private Collective Investment Vehicle

One of the firm's affiliates is the general partner of the Private Funds. This relationship is described at length in response to Item 4 (above).

### Registered Representatives of a Broker-Dealer

Certain of FFT's Supervised Persons may provide clients with securities brokerage services as a registered representative of CV. This arrangement is further described in response to item 5 (above).



## Item 11. Code of Ethics

FFT and persons associated with FFT ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with FFT's policies and procedures.

FFT has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("Code of Ethics"). In accordance with Section 204A of the Investment Advisers Act of 1940 (the "Advisers Act"), its Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by FFT or any of its associated persons. The Code of Ethics also requires that certain of FFT's personnel (called "Access Persons") report their personal securities holdings and transactions and obtain preapproval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in FFT's Code of Ethics, none of FFT's Access Persons may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the Access Person) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of FFT's clients.

When FFT is purchasing or considering for purchase any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when FFT is selling or considering the sale of any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact FFT to request a copy of its Code of Ethics.

## Item 12. Brokerage Practices

As discussed above, in Item 5, FFT generally recommends that clients utilize the brokerage and clearing services of Fidelity.

Factors which FFT considers in recommending Fidelity or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Fidelity enables FFT to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Fidelity may be higher or lower than those charged by other Financial Institutions.

The commissions paid by FFT's clients comply with FFT's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where FFT determines that the commissions are reasonable in relation to the value of the brokerage and research services received. 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 Financial Institution's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. FFT seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other Financial Institutions with whom FFT and the Financial Institutions have entered into agreements for prime brokerage clearing services. FFT periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

The client may direct FFT in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution, and FFT will not seek better execution services or prices from other Financial Institutions or be able to "batch" client transactions for execution through other Financial Institutions with orders for other accounts managed by FFT (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, FFT may decline a client's request to direct brokerage if, in FFT's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless FFT decides to purchase or sell the same securities for several clients at approximately the same time. FFT may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among FFT's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among FFT's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that FFT determines to aggregate client orders for the purchase or sale of securities, including securities in which FFT's Supervised Persons may invest, FFT generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. FFT does not receive any additional compensation or remuneration as a result of the aggregation. In the event that FFT determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or

the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, FFT may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain brokerdealers in return for investment research products and/or services which assist FFT in its investment decision-making process. Such research generally will be used to service all of FFT's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because FFT does not have to produce or pay for the products or services.

#### Software and Support Provided by Financial Institutions

FFT may receive from Fidelity, without cost to FFT, computer software and related systems support, which allow FFT to better monitor client accounts maintained at Fidelity. FFT may receive the software and related support without cost because FFT renders investment management services to clients that maintain assets at Fidelity. The software and related systems support may benefit FFT, but not its clients directly. In fulfilling its duties to its clients, FFT endeavors at all times to put the interests of its clients first. Clients should be aware, however, that FFT's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence FFT's choice of broker-dealer over another brokerdealer that does not furnish similar software, systems support, or services.

Additionally, FFT may receive the following benefits from Fidelity through the Fidelity Institutional Wealth Services Group: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Institutional Wealth Services Group participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

## Item 13. Review of Accounts

### Account Reviews

For those clients to whom FFT provides investment management services, FFT monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis.

For those clients to whom FFT provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of FFT’s investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with FFT and to keep FFT informed of any changes thereto. FFT contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

### Confirmations and Account Statements

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts.

## Item 14. Client Referrals and Other Compensation

### Economic Benefits

FFT is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. FFT may receive economic benefits from non-clients for providing advice or other advisory services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

### Client Referrals

FFT is also required to disclose any direct or indirect compensation that it provides for client referrals. If a client is introduced to FFT by either an unaffiliated or an affiliated solicitor, FFT may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee is paid solely from FFT's investment management fee, and does not result in any additional charge to the client. If the client is introduced to FFT by an unaffiliated solicitor, the solicitor provides the client with a copy of FFT's written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. Any affiliated solicitor of FFT discloses the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of FFT's written disclosure brochure at the time of the solicitation.

## Item 15. Custody

FFT's Agreement and/or the separate agreement with any Financial Institution may authorize FFT through such Financial Institution to debit the client's account for the amount of FFT's fee and to directly remit that management fee to FFT in accordance with applicable custody rules.

The Financial Institutions recommended by FFT have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to FFT. Clients should carefully review the statements sent directly by the Financial Institutions.

## Item 16. Investment Discretion

FFT may be given the authority to exercise discretion on behalf of clients. FFT is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. FFT is given this authority through a power-of-attorney included in the agreement between FFT and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). FFT takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made;
- The Financial Institutions to be utilized;
- The Independent Managers to be hired or fired; and
- The commission rates to be paid to a broker-dealer for a client's securities transactions.

## Item 17. Voting Client Securities

FFT is required to disclose if it accepts authority to vote client securities. FFT does not vote client securities on behalf of its clients. Clients receive proxies directly from the Financial Institutions.



## Item 18. Financial Information

FFT is not required to disclose any financial information pursuant to this Item due to the following:

- The firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance;
- The firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The firm has not been the subject of a bankruptcy petition at any time during the past ten years.