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This brochure provides information about the qualifications and business practices of Fairfax Global Markets LLC ("FGM"). If you have any questions about the contents of this brochure, please contact us at 800-416-2043. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Fairfax Global Markets LLC is a registered investment adviser with the SEC under the Investment Advisers Act of 1940. Registration of an investment adviser does not imply any level of skill or training. Additional information about FGM also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2        Material Changes**

Fairfax Global Markets, LLC has updated Form ADV Part 2A (brochure) as part of the annual amendment process. There have been no material changes to the Firm’s business practices since our last Brochure dated May 2013 and therefore no material changes have been made to this brochure.

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## **Item 4**      **Advisory Business**

Fairfax Global Markets LLC ("FGM") is a limited liability company originally formed on May 16, 2012 in Delaware. FGM is principally co-owned by James Auffenberg, Jr. and Paul Dietrich. Paul Dietrich is FGM's Manager, Chief Executive Officer and Chief Compliance Officer.

FGM offers a combination of advisory and sub-advisory services, where appropriate, to individuals, banks or thrift institutions, pension plans (including 401(k) plans), profit-sharing plans, trust, estates, charitable organizations and corporations. These services are provided through management of separately managed accounts, mutual fund accounts, and third-party management of variable annuity and variable universal life accounts. FGM provides its portfolio management and asset allocation services on a discretionary basis, with the exception of investment advice provided under a consulting agreement.

Prior to engaging FGM to provide planning or consulting services, clients are required to enter into an Investment Advisory Agreement with FGM. The Agreement sets forth the terms and conditions of the engagement, including the manner of termination of the Agreement. The Agreement also describes the scope of the services to be provided and the portion of the fee that is due from the client before FGM commences its services.

### **Investment Advisory Services**

The majority of FGM's business is dedicated to providing investment supervisory services to separately managed accounts using model portfolios created by FGM. Generally, clients are referred to FGM by independent investment advisers and registered representatives of broker-dealers. Each portfolio is designed to meet a particular investment goal which the client, together with such client's soliciting representative, have determined suitable to the client's circumstances. Generally, portfolios are comprised of third-party managed exchange-traded funds ("ETFs"), mutual funds, or stocks. Once the appropriate portfolio has been determined, the portfolio will be continuously managed based on the portfolio's goal, rather than on each client's individual needs. However, each client will have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

For these accounts, FGM will ensure that the following conditions are met and maintained:

- 1) FGM will manage each client's account on the basis of the client's financial situation and investment objectives and any reasonable investment restrictions the client may impose;
- 2) FGM or soliciting representative will be reasonably available to consult with the client;
- 3) Each client is able to impose reasonable investment restrictions on the management of the account;
- 4) Each client will receive a quarterly statement from their custodian with a description of all account activity; and

- 5) Each client will retain a certain indicia of ownership of the securities and funds in the account, e.g., the ability to withdraw securities, vote securities, among others.

#### Variable Annuity and Variable Universal Life Accounts

FGM has relationships with certain financial advisers for whom it offers its services to the financial advisers' clients. These services are limited to providing advice on how a client should allocate investments in a variable annuity or variable universal life account, as the case may be, among the limited array of investment options contained within various sub-accounts, which offer a variety of trading strategies. In providing this type of advice, FGM provides its recommended allocation of the client's investment assets at the time of the client's initial investment based on a model strategy. In addition, FGM may recommend that the assets be re-allocated from time to time in accordance within the model strategy. FGM provides model allocation instructions but the insurance companies handle all trading activity.

#### Consulting Services

FGM offers consultation services to other investment advisers whereby it provides a model portfolio to such investment advisers. The investment advisers are not bound by the model.

#### Wrap Fee Programs

In some instances FGM is retained by clients under so called 'wrap fee' arrangements offered by a broker-dealer, wherein the broker or dealer may recommend retention of FGM as investment adviser, pay FGM's investment advisory fee on behalf of the client, monitor and evaluate FGM's performance, execute the client's portfolio transactions without commission charge, and provide custodial services for the client's assets, or provide any combination of these or other services, all for a single fee paid by the client to the broker-dealer.

As of March 28, 2014 discretionary assets under management were \$ 26,710,231.00

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

The client may engage FGM to provide discretionary and/or non-discretionary investment advisory services on a fee basis.

#### **INVESTMENT ADVISORY SERVICES**

FGM's annual investment advisory fee varies and may total up to 2.50% of the total assets placed under FGM's management/advisement. The amount of fee charged by FGM is based upon various objective and subjective factors. These factors include the amount of assets placed under FGM's direct management, the amount of assets placed under FGM's advisement, the complexity of the engagement, and the level and scope of the overall investment services to be rendered. FGM's annual investment advisory fee includes

investment advisory services, and, to the extent specifically requested by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consulting services and FGM determines in its sole discretion to provide such services, FGM may impose a separate charge for such additional services. The amount of any such charge will be set forth in a written notice to the client.

FGM's prices its services based upon various objective and subjective factors. As a result, FGM's clients may pay a variety of fees. Investment advisory fees and/or fees charged as part of a broker-directed wrap program may be negotiated on an individual basis.

Clients may elect to have FGM's advisory fees deducted from their custodial account. Both FGM's investment advisory agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of FGM's advisory fee and to directly remit that management fee to FGM. FGM may also bill the client directly. In the case of direct billing, payment is due upon receipt of FGM's invoice. FGM will deduct fees and/or bill clients monthly or quarterly in advance, based upon the market value of the clients' assets on the last business day of the previous quarter.

As, discussed below, unless the client directs otherwise, or an individual client's circumstances require, FGM shall generally recommend that Trust Company of America ("TCA") serve as the broker-dealer custodian for client investments management assets. Broker-dealers such as TCA charge brokerage commissions and/or transaction fees for effecting certain securities transactions and other fees for certain services. For example, clients will be charged transaction fees for certain no-load mutual funds, as well as commissions for individual equity and fixed income securities transactions. Clients will incur, in addition to FGM's investment management fees, brokerage commissions and/or transaction fees and, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. fund management fees and other fund expenses). Clients are responsible for all fees charged by the custodian.

All fees paid to FGM for investment advisory services are separate and distinct from certain charges imposed directly by third-parties such as custodians, mutual funds and ETFs. Such charges may include, but are not limited to custodial fees, charges imposed directly by a mutual fund or exchange traded fund in the account, which shall be disclosed in the fund's prospectus (e.g. fund management fees and other fund expenses), deferred sales charges, short-term redemption fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, clients may incur brokerage commissions and transaction fees. Please see Item 12-Brokerage Practices for more information.

A client could invest in a mutual fund or purchase shares in an ETF directly, without the services of FGM. In that case, the client would not receive the services provided by FGM which are designed, among other things, to assist the client in determining which mutual funds or ETFs are most appropriate to each such client's financial condition and objectives.

FGM's investment advisory fees are paid in advance, based upon the market value of the assets on the last business day of the previous month/quarter. FGM in its sole discretion may charge a reduced investment advisory fee and/or require an annual minimum fee or asset level in some circumstances. For example, FGM may charge reduced fees or require a reduced asset level in cases of anticipated changes in earning capacity, the addition of substantial assets to a client's account, substantial increases in the dollar amount of assets of the client to be managed by FGM, the opening by the client of additional accounts, certain changes in a client's account composition and individual negotiations with the client.

The investment advisory agreement between FGM and the client is in effect until terminated by either party by written notice in accordance with the terms of the investment advisory agreement. Upon termination, FGM will refund a pro-rated portion of the advanced investment advisory fee paid based upon the number of days remaining in the billing period.

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

Neither FGM nor any supervised person of FGM accepts performance-based fees.

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

FGM's clients are comprised primarily of high net worth individuals, pension and profit sharing plans, business entities, trusts, estates and charitable organizations. FGM generally requires a minimum account size of \$75,000 for investment advisory services. FGM may waive this minimum at its discretion.

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

FGM employs a global tactical asset allocation investment strategy. Primary asset classes are global developed markets, emerging markets including Asia, global hard assets (primarily commodities producers and physical commodities) and global fixed income. Varying combinations of these asset classes are available to suit a range of investors risk/return profiles. All investment strategies are based on investment in equity and/or fixed income securities that can result in losses to investors.

FGM employs analytical processes designed to identify "persistent trends" in the various asset classes listed above. FGM's objective is to provide reasonable investment participation when the trends are upward and avoid prolonged participation when the trends are downward. This so called "trend following" involves the analysis of market data. The analysis does not produce results that are 100% reliable. In cases where the analysis produces results that are not correct, investors may suffer market losses or fail to capture market gains.

FGM utilizes a three step investment process. Each step is based on the analysis of large quantities of market data and accordingly, includes the risks associated with such analysis producing results measured in terms of probability rather than certainty.

Step one is the identification of “persistent trends” in the various asset classes that FGM utilizes in its investment strategies. The objective is to provide reasonable investment participation when the trends are upward and avoid prolonged participation when the trends are downward. This so called “trend following” involves the analysis of market data. The analysis does not produce results that are 100% reliable.

Step two is a series of rules that define how each of FGM’s strategies gain the exposure necessary to comply with their investment objectives. Rules governing items such as diversification, asset mix and number of holdings are designed to help the strategies meet their investment objectives but also contain inherent risks.

Step three is securities selection. The asset mix is determined by the analysis of historical market data. Investors face the risk of unpredictability if the future performance patterns are different than the historical patterns.

Number of holdings represents a ‘cost risk’ to investors. If FGM determines that one or more of the strategies will be better served by an increase in the number of holdings, investors will experience increased costs associated with the increased number of transactions. FGM cannot assure investors that the presumed investment benefit will outweigh the increased transactional costs.

Investors are subject to similar transactional risk if FGM’s investment process dictates frequent trading. Every trade has a cost. That cost has a negative impact on the performance of the investment strategy. FGM cannot assure investors that the presumed benefit of the investment decision will outweigh the increased transactional costs. **Investing in securities involves risk of loss that clients should be prepared to bear.**

**Investment Risk.** As a general matter, investing in securities involves a risk of loss of principal that investors should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by FGM) will be profitable or equal any specific performance levels.

FGM’s methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis FGM must have access to current/new market information. FGM has no control over the dissemination rate of market information; therefore, unbeknownst to FGM, certain analyses may be compiled with outdated market information, severely limiting the value of FGM’s analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market values will materialize into actionable and/or profitable investment opportunities.

**Inverse/Enhanced Market Strategies.** FGM may utilize long and short mutual funds and/or ETFs that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the

corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct FGM, in writing, not to employ any or all such strategies for his/her/their/its accounts.

## **Item 9      Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of FGM or the integrity of FGM's management. On April 19, 2013, relating to an administrative proceeding (File No. 3-15293), Foxhall Capital Management (a related advisor) and Paul Dietrich ("Respondents") submitted Offers of Settlement which the Securities and Exchange Commission has accepted. Without admitting or denying the findings, Respondents agreed to certain remedial sanctions. The commission found that between January 1, 2007 and September 3, 2009, Foxhall Capital Management, Inc. ("Foxhall"), a registered investment adviser, failed to adopt and implement written compliance policies and procedures reasonably designed to prevent violations of the Advisers Act and its rules, as required by Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder. Foxhall also failed to keep complete and accurate records as required by Section 204 of the Advisers Act. Foxhall's trade management system did not interface properly with its primary broker-dealer and custodian's trading platform which caused Foxhall to not always have the most up-to-date information about its client account balances. As a result certain trades were allocated improperly. Foxhall failed to maintain adequate trading records and failed to conduct a timely annual compliance review in 2007. The settlement included the following remedial sanctions. Foxhall and Dietrich shall pay civil payments and disgorgement in excess of \$2,500. More information about this proceeding can be found on ADV Part 1A and on the SEC website, <http://www.sec.gov/litigation/admin.shtml>.

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

Mr. Dietrich is the Chief Investment Officer and Chief Compliance Officer for Foxhall Capital Management, a related Adviser. . Fairfax Global Markets provides sub-advisory services to FGM. Under these sub-advisory agreements, Fairfax Capital Markets receives fees for its advisory service.

Fairfax Global Markets, LLC and Foxhall Capital Management, Inc. are related entities due to the fact that Mr. Dietrich maintains a controlling interest in both organizations. All Foxhall Capital Management, Inc. client assets are managed on a sub-advisory basis by Mr. Dietrich acting as an Investment Advisor Representative of Fairfax Global Markets, LLC.



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

FGM, in accordance with the requirements of Rule 204A-1 of the Investment Advisers Act of 1940 (the "Advisers Act"), has approved and adopted a Code of Ethics (the "Code"). The Code sets forth the general fiduciary principles and standards of business conduct to which all of FGM's employees and certain other persons are subject. The Code further sets forth policies and procedures that are reasonably designed to prevent Access Persons, from engaging in conduct prohibited by the Advisers Act and establishes reporting requirements for these Access Persons. In general, Access Persons are defined by the Code to include every FGM employee and others who, in connection with his or her regular functions or duties or otherwise, makes, participates in or obtains information regarding the purchase or sale of a security (other than certain "exempted" securities) for any client, or has access to nonpublic information about the portfolio holdings of any client, or whose functions relate to the making of any recommendations with respect to purchases and sales, and officers of FGM.

The Code sets forth FGM's policy to act in the best interest of its clients and on the principles of full disclosure, good faith and fair dealing. FGM and its employees must seek to avoid situations which may result in potential or actual conflicts of interest with these duties. In addition, the Code requires employees to (i) comply with applicable federal securities laws at all times, (ii) avoid establishing financial interests or outside affiliations which may create a conflict, or appear to create a conflict, between the employee's personal interests and the interests of FGM or its clients, (iii) conduct themselves at all times in a manner consistent with the highest professional standards, (iv) devote his or her attention and skills to the performance of his or her responsibilities and avoid activities that interfere with that responsibility or that are detrimental to FGM and its reputation.

FGM or representatives of FGM may buy or sell securities that are also recommended to clients. This practice may create a situation where FGM and/or representatives of the firm are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e. a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation.) could take place if FGM did not have adequate policies in place to detect such activities. In addition, this requirement can help deter insider trading, "front-running" (i.e. personal trades executed prior to those of FGM's clients) and other potentially abusive practices.

FGM has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of FGM's Access Persons. FGM's securities truncation policy requires that each Access Person of FGM must provide the Chief Compliance Officer or his designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period

thereafter on a date FGM selects. Provided, however that at any time that FGM has only one Access Person, he or she shall not be required to submit any securities report as described above.

FGM will provide a copy of the Code to any client upon request. Please contact FGM at 800-416-2053 for a copy of the Code.

## **Item 12      Brokerage Practices**

Prior to engaging FGM to provide investment management services, the client will be required to enter into an Investment Advisory Agreement with FGM setting forth the terms and conditions under which FGM shall manage the client's assets, and a separate custodial clearing agreement with each designated broker-dealer custodian.

In the event the client requests that FGM recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct FGM to use a specific broker-dealer/custodian), FGM generally recommends that the investment management accounts be maintained at Trust Company of America ("TCA").

Factors that FGM considers in recommending TCA (or any other broker-dealer/custodian) to clients include financial strength, reputation, execution capabilities, pricing, research and service. Although the commissions and/or transaction fees paid by FGM's clients shall comply with FGM's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction. FGM may have determined in good faith that the commission/transaction fee is 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 broker-dealer services, including the value of research provided, execution capability, commission rates and responsiveness. Accordingly, although FGM will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, FGM's investment management fee. FGM's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

If a client directs FGM to use a specific broker, FGM has not negotiated the terms and conditions (including, among others, commission rates) relating to the services provided by such broker. FGM is not responsible for obtaining from any such broker the best prices or particular commission rates. A client that directs FGM to use a specific broker may not be able to participate in aggregate securities transactions and may trade after such aggregate transactions and receive less favorable pricing and execution. The client may pay higher commissions and mark-ups than it would pay if FGM had discretion to select broker-dealers other than those that the client chooses.

## Trade Aggregation/Allocation

Whenever feasible, FGM will combine the orders of two or more clients to purchase or sell the same security. FGM will obtain consent from a client before aggregating his or her trades with those of other clients. Such consent will either be obtained in the investment advisory agreement or in a separately written document. Orders of two or more clients will only be aggregated if FGM determines, on an individual client basis that the securities order is (i) in the best interests of each client participating in the order, (ii) consistent with FGM's duty to obtain best execution, and (iii) consistent with the terms of the investment advisory agreement of each participating client. All clients included in an aggregated order will be treated equitably, including in the event that such aggregated order is not completely filled. The terms negotiated for the aggregated order will apply equally to each participating account. If an employee trade or trade by an affiliated account is aggregated with a client trade, such client trade will be treated equally with the employee and/or affiliated account trade, each affiliated and non-affiliated participant in the trade will receive average execution and average commissions; and the securities purchased or sold will be allocated pro rata among all participating accounts. For example, Client X is a buyer of 200 shares and Client Y is a buyer of 100 shares and the investment adviser is only able to acquire 150 shares. Client X receives 100 shares and Client Y receives 50 shares.

### Exceptions to Pro Rata Allocation

#### Partial Fills

If FGM is not able to completely fill an aggregated order for a security, the completed orders are generally allocated pro rata based on the order size set forth on the pre-allocation.

#### Random Allocations

In cases where client accounts would receive less than the desirable number of shares as judged by FGM, the aggregated trade may be allocated by FGM to client accounts on a random basis. FGM shall use a computer software program or other fair system to allocate such trades on a random basis. Client accounts that receive random allocations generally will not be eligible for the next random allocation.

#### Allocation Adjustments

In cases where FGM is unable to allocate security orders as intended within the pre-allocation evidenced on the Trade Ticket due to unforeseeable events, including, but not limited to account closings, client withdrawals, quickly moving market conditions which would cause intended allocations to cause accounts to become overdrawn, FGM may make adjustments to its pre-allocation as follows:

- Newly funded accounts or those with recent contributions may receive an additional allocation;

- Accounts in need of rebalancing;
- Any adjustments to pre-allocations on an account by account basis, provided that security-level percentages remain within the tolerance levels set out from time-to-time by the Investment Committee;
- In selling situations, late day or after hours withdrawal and liquidation requests.

In all instances of allocation adjustments, the reasons therefore will be documented.

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

For those clients to whom FGM provides investment supervisory services, account reviews are conducted on an ongoing basis by FGM's Chief Investment Officer. All investment supervisory clients are advised that it remains their responsibility to advise FGM of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with FGM on an annual basis.

FGM may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

Clients are provided, at least quarterly, with written transaction confirmation notices and account statements directly from the Qualified Custodian for each client's accounts. FGM may also provide a written periodic report summarizing account activity and performance.

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

If a client is introduced to FGM by a solicitor, FGM will generally pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from FGM's investment advisory fee, and shall not result in any additional charge to the client. The solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of FGM's Brochure and a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between FGM and the solicitor, including the compensation to be received by the solicitor.

### **Item 15      Custody**

FGM has the ability to have its investment advisory fee debited by the custodian directly from client accounts. Clients are provided, at least quarterly, with written transaction confirmation notices and account statements directly from the Qualified Custodian for each client's accounts. Clients should carefully review these statements.

Clients who have their investment advisory fees directly debited from their custodian accounts are urged to compare any written statement provided by FGM with the account statements received from the account custodian to ensure that the proper investment advisory fee has been deducted from their custodial account. The account custodian does not verify the accuracy of the investment advisory fee calculation so it is important that the client review amounts deducted from accounts maintained at the account custodian.

## **Item 16      Investment Discretion**

Clients can engage FGM to provide investment advisory services on a discretionary basis. Prior to FGM assuming discretionary authority over a client's account, the client shall be required to execute the investment advisory agreement, naming FGM as client's attorney and agent in fact, granting FGM full authority to buy, sell or otherwise effect investment transactions involving the assets in the client's name or found in the discretionary account.

Clients who engage FGM on a discretionary basis may, at any time, impose restrictions, in writing, on FGM's discretionary authority (e.g., limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe FGM's use of margin).

## **Item 17      Voting Customer Securities**

With respect to accounts over which FGM performs proxy voting, it maintains written policies and procedures as to the handling, research, voting and reporting of proxy voting. FGM's policy and practice includes the responsibility to receive and vote client proxies where authorized, disclose any potential conflicts of interest, making information available to clients about the voting of proxies for their portfolio securities and maintaining relevant and required records.

When applicable, the custodian agreements evidence the fact that voting authority has been retained by the client. Under ERISA, FGM is responsible to vote proxies for the client in the absence of specific written acknowledgement by the client that the authority has been retained or granted elsewhere.

The guiding principle by which FGM votes on all matters submitted to security holders is the maximization of the ultimate economic value of its clients' holdings. Furthermore, FGM is mindful that for ERISA and other employee benefit plans, the focus on the realization of economic value is solely for the benefit of plan participants and their beneficiaries. FGM does not permit voting decisions to be influenced in any manner that is contrary to, or dilutive of, the guiding principle set forth above. It is FGM's policy to avoid situations where there is any conflict of interest or perceived conflict of interest affecting its voting decisions. Any conflicts of interest, regardless of whether actual or perceived, will be addressed in accordance with FGM's Proxy Voting Policies and Procedures.

It is the general policy of FGM to vote on all matters submitted to security holders in any proxy; however, FGM reserves the right to abstain on any particular vote or otherwise withhold its vote on any matter if in the judgment of FGM, the costs associated with voting

such proxy outweigh the benefits to clients or if the circumstances make such an abstention or withholding otherwise advisable and in the best interests of its clients. FGM has retained a third party (the "Proxy Voter") to vote proxies for the relevant client accounts in accordance with FGM's Proxy Voting Policies and Procedures. The Proxy Voter receives an electronic feed of all holdings in FGM voting accounts, and trustees and/or custodians for those accounts have been instructed to deliver all proxy materials that they receive directly to the Proxy Voter. The Proxy Voter monitors the accounts and their holdings to be sure that all proxies are received and voted for shares owned by FGM clients, as appropriate.

Clients may obtain a copy of FGM's complete Proxy Voting Policies and Procedures by contacting FGM at 800-416-2053. In addition, clients may request, in writing, information on how proxies were voted by contacting FGM at 800-416-2053. If any client requests a copy of FGM's complete Proxy Voting Policies and Procedures or how FGM voted proxies for the account(s), FGM will promptly provide such information to the client.

## **Item 18      Financial Information**

FGM is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.

FGM has not been the subject of a bankruptcy petition.