

## **Part 2A of Form ADV: *Firm Brochure***

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**This brochure provides information about the qualifications and business practices of Freed Investment Group, LLC. If you have any questions about the contents of this brochure, please contact us at 617-424-1200 or at [kfreed@freedinvestmentgroup.com](mailto:kfreed@freedinvestmentgroup.com). 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. Any references to Freed Investment Group, LLC being a “registered investment adviser” or “registered” do not imply a level of skill or training.**

**Additional information about Freed Investment Group, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for our firm is 140679.**

## **Item 2. Summary of Material Changes**

This Brochure is our Firm Brochure document prepared according to the United States Securities and Exchange Commission's (SEC) current requirements and rules.

In the future, this Item will discuss specific material changes that are made to the Brochure and provide clients with a summary of such changes.

Pursuant to current SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

*Below is a list of material changes since our last ADV Part 2A brochure filing dated March 30, 2017:*

- *Effective June 29, 2017, the Firm initiated the transitioning process from state to SEC registration.*

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## **Item 4. Advisory Business**

### **Introduction**

Freed Investment Group, LLC ("FIG" or "we") is a Massachusetts limited liability company with its principal place of business located in Boston, Massachusetts. FIG is a registered investment advisory firm that has been in business since 2006. FIG is owned and managed by its members, Kenneth Freed & Dennis Encarnation.

FIG offers a combination of the following advisory services, where appropriate, to individuals, including high net worth individuals, pension and profit sharing plans, trusts, estates and/or charitable organizations.

Our firm offers and provides advisory services on a discretionary basis and, as of December 31, 2016, manages approximately \$107,701,631 million in client assets.

### **Investment Supervisory Services**

FIG provides continuous advice to a client regarding investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, FIG develops a client's personal investment policy and creates and manages a portfolio based on that policy. FIG will manage advisory accounts on a discretionary basis. Account supervision is guided by the stated objectives of the client (e.g. aggressive growth, growth, growth & income, income or preservation of capital).

FIG will create a portfolio consisting of no-load and load-waived mutual funds, individual equities, exchange traded funds ("ETFs") bonds and other investment products where appropriate to the needs of the client.

FIG will allocate the client's assets among various investments and investment classes taking into consideration the overall management style selected by the client. The mutual funds will be selected on the basis of any or all of the following criteria: the fund's performance history; the industry sector in which the fund invests; the track record of the fund's manager; the fund's investment objectives; the fund's management style and philosophy; and the fund's management fee structure.

Portfolio weighting between funds and market sectors will be determined by each client's individual needs and circumstances. Investment products other than mutual funds will be selected on the basis of performance history, projected future activity and industry analysis. Clients will have the opportunity to place reasonable restrictions on the types of investments which will be made on the client's behalf. Clients will retain individual ownership of all securities.

### ***Financial Planning Services***

Our Financial Planning Services seek to determine how an individual can meet life goals through the proper management of financial resources. Financial planning may involve all or a part of our financial planning processes as follows:

- \* Establishing and defining the client-planner relationship,
- \* Gathering client data including goals,
- \* Analyzing and evaluating the client's current financial status,
- \* Developing and presenting financial planning recommendations and/or alternatives,
- \* Implementing the financial planning recommendations, and
- \* Monitoring the financial planning recommendations.

A comprehensive financial plan typically covers the review and analysis of following items:

1. Current and projected net worth and cash flow statements
2. Income taxes
3. Risk management, which includes various insurance and asset protection strategies
4. Retirement income and expenses
5. Estate planning
6. Investment portfolio
7. Education planning

A client can engage FIG to address one or more, or all of these elements. Our financial plans are provided in writing.

## **Referral Services**

Kenneth Freed acts as a solicitor on behalf of the Mellon Financial Corporation, a national banking organization, and its banking affiliate BNY Mellon Wealth Management ("Mellon"). As a solicitor, Kenneth Freed provides access to the advisory services of Mellon where appropriate to the financial objectives, needs and circumstances of the client.

Kenneth Freed will assist the client in determining whether Mellon's services are appropriate for that client. Factors considered in making this determination, including account size, risk tolerance and a client's investment objectives, goals and experience, are discussed during a consultation between Kenneth Freed and the client. Following the initial introduction to Mellon, and a client's engagement of Mellon, Mellon, not Kenneth Freed or FIG, will act as investment adviser to the client's Mellon account(s). Kenneth Freed, on behalf of the clients referred to Mellon, will continue to monitor the client's portfolio, investment performance, tax implications of investment activities and consistency with a client's objectives.

At the time of conducting the advisory solicitation, Kenneth Freed will ensure that all federal and/or state specific disclosures and requirements governing solicitation activities shall be met.

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

### ***Investment Supervisory Services***

The annual fee for FIG's Investment Supervisory Services will be charged as a percentage of assets under management, according to the following schedule:

<b><u>Assets under Management</u></b>	<b><u>Annual Fee (%)</u></b>
First \$2,000,000	1.00%
Over \$2,000,000	0.80%

A minimum of \$350,000 of assets under management is required for this service. FIG may group certain related client accounts for the purposes of achieving the minimum account size and annual fee in determining the annualized fee.

At the discretion of FIG, all annual fees and account minimums may be negotiable depending on the services to be provided, the individual circumstances of a client and the amount of assets to be managed.

On a limited basis, FIG may also provide advisory services on a fixed fee basis. In these instances, the fee will be agreed upon with a client and based on the nature of the FIG services and complexity of a client's needs.

Clients' advisory fees will be directly debited in arrears, at the end of each calendar quarter, based upon the average daily value (market value or fair market value in the absence of market value) of the client's account for the previous quarter. Fees will be debited from the account and clients will be invoiced in accordance with the client authorization in the Investment Management Agreement.

### ***Financial Planning Fees***

Fees for our Financial Planning Services are agreed upon and fixed in advance based on the nature and complexity of a client's circumstances and the services to be provided.

Financial Planning fees may be negotiable or waived for certain clients depending on circumstances or services to be provided.

### ***Referral Services***

FIG and Kenneth Freed do not charge the client any fees for referrals to Mellon. Referral fees received by Kenneth Freed for such services are paid by Mellon as a percentage of the advisory fees Mellon receives from clients referred by Kenneth Freed. FIG's client advisory fees are not increased in any way as a result of Kenneth Freed's referral to Mellon. Kenneth Freed will typically receive a referral fee ranging from ten to twenty percent (10% - 20%) of the advisory management fee paid by the client to Mellon. Clients should refer to the Mellon disclosure document (Part 2A of Form ADV or other disclosure material) for information regarding its investment services, investment professionals, fees, billing practices, minimum required investments and termination of advisory agreements, among other things.

Clients will receive a written disclosure from Mellon describing the fee paid to Kenneth Freed by Mellon prior to any investment advisory services agreement with Mellon.

## **GENERAL INFORMATION ON FEES AND SERVICES:**

### ***Fee Calculation***

The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (Section 205(a)(1) of the Advisers Act).

### ***Termination of Advisory Relationship***

A client agreement may be cancelled at any time, by either party, for any reason upon receipt of 30 days written notice.

Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

The client has the right to terminate an agreement without penalty within five business days after entering in the agreement.

### ***Mutual Fund Fees***

All fees paid to FIG for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders. These fees and expenses are described in each fund's or ETF's prospectus. These fees will generally include a management fee, other fund expenses and a possible distribution fee for mutual funds. If the mutual fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund or ETF directly, without the services of FIG. In that case, the client would not receive the services provided by FIG which are designed, among other things, to assist the client in determining which mutual funds and/or ETFs are most appropriate to each client's financial condition and objectives.

Accordingly, the client should review both the fees charged by the funds and ETFs and the fees charged by FIG to fully understand the total amount of



fees to be paid by the client and to thereby evaluate the advisory services being provided.

### ***Advisory Fees in General***

Clients should note that similar advisory services may (or may not) be available from other registered investment advisers for similar or lower fees.

### ***Brokerage Expenses***

In addition to FIG's advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker-dealers, including, but not limited to, any transaction commissions or charges imposed by a broker-dealer with which an independent investment manager effects transactions for the client's account(s).

### ***Third Party Money Manager Expenses***

Mellon fees paid to Kenneth Freed for referral services are separate and distinct from the fees and expenses charged by Mellon and Mellon's advisory fees for clients referred by Kenneth Freed are not increased in any way as a result of any referral services provided by Kenneth Freed or FIG.

Under no circumstances will we earn fees in excess of \$1200 more than six months in advance of services rendered.

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

FIG, as a matter of policy and practice, does not charge any performance-based fees for its investment management services.

Our fees are calculated as described above and are not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (Section 205(a)(1) of the Investment Advisers Act of 1940, as amended).

Side-by-side management refers to multiple client relationships where an adviser manages advisory client relationships and portfolios on a simultaneous basis for individuals, businesses, institutions and also mutual funds and/or hedge funds. In such circumstances, potential conflicts of interest may arise by and between the clients and the mutual and hedge

funds, e.g., performance fee arrangements. We do not have these relationships, so we do not have side-by-side management potential or actual conflicts of interests.

FIG has not in the past and currently does not manage any client relationships for mutual funds or hedge funds or charge any performance fees.

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

FIG offers a combination of the advisory services described above, where appropriate, to individuals, including high net worth individuals, trusts, estates and/or charitable organizations.

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

Our firm generally employs fundamental and technical analysis methods to formulate client recommendations. Fundamental analysis of a business involves analyzing its income statement, financial statements and health, its management and competitive advantages and its competitors and markets. Fundamental analysis school of thought maintains that markets may mis-price a security in the short run but that the "correct" price will eventually be reached. Profits can be made by trading the mis-priced security and then waiting for the market to recognize its "mistake" and re-price the security. However, unforeseen market conditions and/or company developments may result in significant price fluctuations that can lead to investor losses.

Technical analysis seeks to identify price patterns and trends in financial markets and attempt to exploit those patterns. We follow and examine such indicators as price, volume, moving averages of the price and market sentiment. Since technical analysis predictions are only extrapolations from historical price patterns, investors bear risk that these patterns will not reoccur as expected.

Quantitative analysis: We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data. A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

Qualitative analysis: We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.

A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

Asset Allocation: Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

Mutual fund and/or ETF analysis: We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in other funds in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to continue or replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the fund or ETF less appropriate for the client's portfolio.

Risks for all forms of analysis: Our securities analysis methods rely on the assumption that the companies whose securities we recommend, purchase

and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are aware that indications, reporting or data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### ***Referral Services***

As disclosed at Item 1, Kenneth Freed acts as a solicitor on behalf of Mellon. In those instances where a client engages Mellon, Mellon, not FIG or Kenneth Freed will make all investment recommendations to the client. Clients should refer to Mellon's disclosures and information regarding the methods of analysis, sources of information and investment strategies used by Mellon in managing portfolios for clients referred to Mellon by Kenneth Freed.

***Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal.***

### **Item 9. Disciplinary Information**

FIG is obligated to disclose whether or not its employees or owners have been involved in any legal, financial or disciplinary events material to its advisory business. At this time, FIG does not have any events to report.

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

Kenneth Freed, Member of FIG, is also an employee of the accounting firm of Kenneth Freed & Co., PC ("KF&C"), where he is an individually licensed and practicing Certified Public Accountant providing tax and accounting services to KF&C clients for separate and typical compensation.

KF&C may recommend FIG to accounting clients in need of advisory services. Likewise, FIG may recommend KF&C to advisory clients in need of accounting services. Accounting services provided by KF&C are separate and distinct from the advisory services of FIG, and vice versa, and each is provided for separate and typical compensation. There are no referral fee arrangements between FIG and KF&C for these recommendations. No FIG client is obligated to use KF&C for any accounting services and conversely, no accounting client is obligated to use the advisory services provided by

FIG. KF&C's accounting services do not include the authority to sign checks or otherwise disburse funds on any FIG advisory client's behalf.

Kenneth Freed spends approximately 75% of his time with these related activities.

Kenneth Freed is also a Member of three non-securities related Florida limited liability companies formed for the purpose of holding real estate as follows:

Farr Building, LLC  
Mimo Properties, LLC  
Museum Plaza, LLC

None of the above real estate investment activities involve advisory clients of FIG or are recommended as investments to FIG advisory clients. Kenneth Freed spends less than 5% of his time on these outside real estate investment activities.

Dennis Encarnation, Member of FIG, also conducts business through two other companies in which he holds a sizeable ownership interest. Neither company is engaged in securities-related transactions. Moreover, there is no business relationship between either of these two businesses and Freed Investment Group, LLC ("FIG").

First, he is the sole owner of Dennis J. Encarnation & Associates, LLC (hereinafter, "DJE"), where he provides consulting services regarding the formulation and execution of corporate strategy and public policy. Dennis Encarnation spends approximately 20% of his time with DJE.

Second, Dennis Encarnation is also a co-owner of Wise Labs, Inc. (hereinafter, "WL"), which engages in technology consulting and commercialization. He spends approximately 20% of his time with WL.

John Stanton, a registered adviser of FIG, John is an owner of KF&C, where he is an individually licensed and practicing Certified Public Accountant providing tax and accounting services to KF&C clients for separate and typical compensation.

John Stanton is also a minority owner of Stanton & Company, a small independent accounting firm in Woburn, MA.

Mr. Stanton spends a substantial portion of his time with these other affiliations.

Clients should be aware that outside affiliations and the receipt of additional compensation by our firm and our management persons or employees create a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. We endeavor at all times to put the interests of our clients first as part of our fiduciary duty as a registered investment adviser and take the following steps to address potential conflicts:

1. We disclose to clients the existence of all material conflicts of interest, including the potential for our firm and its employees to earn compensation from advisory clients in addition to our advisory fees;
2. We disclose to clients that they are not obligated to purchase recommended investment products from our employees;
3. We collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
4. Our management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
5. We require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
6. We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
7. We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

FIG has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. FIG's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients, and sets forth FIG's practice of supervising the

personal securities transactions of supervised persons with access to client investment information.

To supervise compliance with its Code of Ethics, FIG requires that anyone associated with this advisory practice with access to advisory recommendations provide initial and annual securities holdings reports and quarterly transaction reports to the Chief Compliance Officer or another designated officer. FIG requires such access persons to also receive approval from Chief Compliance Officer or another designated officer prior to investing in any IPOs or private placements (limited offerings).

Our Code of Ethics requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. FIG's Code of Ethics further includes the firm's Insider Trading Policy prohibiting the use or mis-use of material non-public information. Any individual not in observance of the above may be subject to discipline.

FIG will provide a copy of its Code of Ethics to any client upon request to FIG's Chief Compliance Officer at FIG's principal address.

Our firm or individuals associated with our firm may buy or sell securities identical to those recommended to our clients for their personal accounts. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account and, therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts.

As these situations represent a conflict of interest, we have established the following additional restrictions in order to ensure its fiduciary responsibilities:

1. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No principal or employee of our firm may prefer

- his or her own interest to that of the advisory client.
2. We maintain records of all securities holdings for our firm and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by Chief Compliance Officer or designated officer.
  3. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
  4. Any individual not in observance of the above may be subject to termination.

## **Item 12. Brokerage Practices**

### **Investment Supervisory Services:**

As FIG does not have the discretionary authority to determine the broker-dealer to be used or the commission rates to be paid, clients must direct FIG as to the broker-dealer to be used.

In directing the use of a particular broker-dealer, it should be understood that FIG will not have authority to negotiate commissions among various broker-dealers or obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to other clients.

### ***Fidelity Institutional Wealth Services Program***

FIG participates in the Fidelity Institutional Wealth Services ("FIWS") program, sponsored by Fidelity Brokerage Services LLC, a FINRA registered broker-dealer. Clients in need of brokerage and custodial services will have Fidelity Brokerage Services LLC recommended to them. As part of the FIWS program, FIG receives benefits that it would not receive if it did not offer investment advice.

FIG reserves the right to decline acceptance of any client account that directs the use of a broker-dealer other than Fidelity, if FIG believes that the broker-dealer would adversely affect FIG's fiduciary duty to the client and/or ability to effectively service the client portfolio.



### ***Aggregation of Transactions***

FIG will generally not aggregate client transactions as FIG typically handles investment transactions on a personalized and client-by-client basis. If FIG does aggregate client transactions, it permits the trading of aggregate blocks of securities composed of assets from multiple clients' accounts so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block trade. Block trading may allow FIG to execute trades in a more timely, equitable, and efficient manner and to seek to reduce overall commission charges to clients. No personal trades will be included with any client transactions.

### ***Agency Cross & Principal Transactions***

As a matter of policy and practice, our firm does not engage in any agency cross or principal transactions.

### **Referral Services:**

Clients should refer to the disclosures and client information of Mellon for information about the brokerage recommendations and practices of that entity. FIG will not recommend broker-dealers for those client accounts referred to Mellon.

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

### ***Reviews of Accounts***

### **Investment Supervisory Services:**

While the underlying securities within Investment Supervisory Services accounts are continuously monitored, these accounts are reviewed on a more formal basis at least quarterly.

Accounts are reviewed in the context of each client's stated investment objectives and guidelines. Changes in variables such as market, political or economic circumstances, changes in a client's individual financial objectives or circumstances or a client's request may trigger more frequent reviews.

**Referral Services:**

These client accounts should refer to Mellon's disclosures and client information regarding the nature and frequency of reviews provided by Mellon.

***Client Reports*****Investment Supervisory Services:**

In addition to the monthly statements and confirmations of transactions that Investment Supervisory Services clients receive from their broker-dealer, bank, custodian or mutual fund company, FIG will provide quarterly reports summarizing account performance, balances and holdings.

**Referral Services:**

These client accounts should refer to Mellon's disclosures and client information regarding the nature and frequency of reports provided by Mellon.

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

As disclosed in Item 1. of this Firm Brochure, Kenneth Freed acts as a solicitor for Mellon, for which he will typically receive a solicitation fee ranging from ten to twenty percent (10 to 20%) of the advisory fee charged by Mellon). FIG is aware of the special considerations promulgated under Section 206(4)-3 of the Investment Advisers Act of 1940. As such, appropriate disclosures shall be made and all applicable Federal and State laws will be observed.

The referral fee arrangements with FIG will be disclosed by Mellon in a separate disclosure provided to the client by Mellon.

**Item 15. Custody**

FIG is deemed to have “constructive custody” under regulatory guidelines as a result of our firm’s authority from certain clients for FIG to directly debit client advisory fees from their custodian accounts consistent with industry

practices and regulatory guidelines.

Clients will receive monthly/quarterly statements from FIG and should carefully review each statement. In order to ensure that all account transactions, holdings and values are correct and current, we urge clients to compare our firm's statements with the statements you receive directly from your independent brokerage or bank qualified custodian.

#### **Item 16. Investment Discretion**

For discretionary clients, FIG requests that it be provided with written authority to determine which securities and the amounts of securities that are bought or sold.

Any limitations on this discretionary authority shall be in writing and may be included in a client's investment management agreement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.

#### **Item 17. Voting Client Securities**

##### ***Proxy Voting***

As a matter of firm policy and practice, FIG does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. However, FIG may provide administrative advice to clients regarding the clients' voting of proxies.

For referral services clients, the independent investment adviser, i.e. Mellon, will disclose its proxy voting policy to any clients referred by FIG.

##### ***Legal Proceedings***

Further, we may also assist clients with appropriate research or appropriate information to assist client with any filings for legal proceedings, e.g., class actions, reorganizations, bankruptcies, etc., relating to any portfolio securities.

**Item 18. Financial Information**

Under no circumstances will FIG charge or earn fees in excess of \$1200 more than six months in advance of services rendered.

FIG and its Member have no financial events or proceedings to disclose.