

Form ADV Part 2A: Firm Brochure

Item 1 – Cover Page

FWG Investments, LLC

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Date of Disclosure Brochure: March 12, 2024

This disclosure brochure provides information about the qualifications and business practices of FWG Investments, LLC (also referred to as we, us and FWG Investments throughout this disclosure brochure). If you have any questions about the contents of this disclosure brochure, please contact Christopher Payne at 513-399-8091 or cpayne@kbc.team. The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about FWG Investments is also available on the Internet at www.adviserinfo.sec.gov. You can view our firm's information on this website by searching for FWG Investments, LLC or our firm's CRD number 284064.

*Registration as an investment adviser does not imply a certain level of skill or training.

Item 2 – Material Changes

We have previously provided you with our narrative Firm Brochure Form ADV 2A Brochure. Our Firm Brochure describes our firm's advisory services, investment processes, fees, affiliations, conflicts, and other information. Since our last filing the following material changes have occurred:

- In Item 5, we modified language that referenced the use of a co-adviser to instead note that FWG Investments, LLC now utilizes models which are sub-advised by a third-party investment adviser.
- Christopher Payne became the interim CCO effective October 26, 2023.
- In Item 10, we have enhanced discussion surrounding the various types of conflicts of interest that exist due to the sale of commission-based insurance products. A non-exhaustive list of these conflicts of interests include the incentive to generate commissions, earn sales-related bonuses and awards, and a discussion of our relationship with AE Wealth Management and their affiliated entity Advisors Excel, amongst other things. We encourage you to review Item 10 for a more complete discussion of these conflicts.

We will ensure that you receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after our firm's fiscal year ends. Our firm's fiscal year ends on December 31, so you will receive the summary of material changes no later than April 30 each year. At that time, we will also offer or provide a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes, as necessary.

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Item 4 – Advisory Business

Introduction

FWG Investments is a registered investment adviser with its principal place of business in Lexington, Kentucky. Donald Bentley and Jeffrey Sheppard each now own exactly 50% of FWG Investments, LLC. Donald Bentley owns his stake in the firm through a limited liability company as does Jeffrey Sheppard. The transaction closing date was March 4, 2022.

The investment advisory services of FWG Investments are provided to you through an appropriately licensed and qualified individual who is an investment adviser representative of FWG Investments (referred to as your investment adviser representative throughout this brochure).

Description of Advisory Services

The following are descriptions of the primary advisory services of FWG Investments. Please understand that a written agreement, which details the exact terms of the service, must be signed by you and FWG Investments before we can provide you with the services described below.

Financial Planning Services

FWG Investments offers financial planning services as part of their traditional investment advisory services, which typically address the following topics:

- Investment Planning,
- Retirement Planning,
- Insurance Planning,
- Tax Planning,
- Education Planning,
- Portfolio Reviews,
- Asset Allocation, and
- Real Estate Planning.

When providing financial planning services, the role of your investment adviser representative is to find ways to help you understand your overall financial situation and help you set financial objectives.

Asset Management Services sub-advised by AE Wealth Management

FWG Investments has entered into a sub-advisory agreement with AE Wealth Management, LLC (“AE Wealth Management”), an SEC registered investment advisor, to provide investment advisory services to clients. The Program provides clients with the opportunity to establish mutual fund portfolios, separate account portfolios and managed account portfolios developed by both FWG Investments and by third party investment managers.

The primary investment management service we provide is a discretionary asset management program. Clients participating in this program are generally placed in a model overseen by a financial professional at our firm and sub-advised by a third-party investment adviser. Under this program, FWG Investments and any sub-advisers we hire to manage the assets in your account are authorized to buy and sell investments in the account without asking you in advance. We will monitor the portfolio's performance on an ongoing and continuous basis, unless otherwise agreed, and will make adjustments and reallocations as necessary due to changes in market conditions and your unique circumstances.

Clients have the ability to impose reasonable restrictions and guidelines on investing in certain securities, types of securities or industry sectors. We expect all such restrictions to be timely communicated to us. Client restrictions and guidelines could negatively affect investment performance. Clients must inform us of any changes to their financial circumstances, investment objectives or risk tolerance, or of any modifications or restrictions that are imposed on the management of the client's account. In this manner, our firm can better serve clients' needs.

Services provided as sponsor of the Program include technology platforms to support data reconciliation, performance reporting, fee calculation and billing, research, client database maintenance, quarterly performance evaluations, models, trading platforms, and other functions related to the administrative tasks of managing client accounts.

FWG Investments assists clients with the establishment of one or more individual accounts at National Financial Services through the Fidelity Institutional Wealth Program (collectively referred to as Fidelity). Clients must appoint FWG Investments and AE Wealth Management, as a sub-adviser, as their investment advisors of record on the account. The qualified custodian maintains physical custody of all funds and securities of the account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the account.

Clients will receive continuous investment advice based on your needs and circumstances. Utilizing tools provided by AE Wealth Management, FWG Investments will determine the suitability of the asset allocation and investment options for each client. FWG Investments will then assist clients in allocating their assets among different investment options in the Program and recommend strategies developed by FWG Investments or by the sub-adviser.

Your accounts may be comprised of equity-based investments determined and selected by FWG Investments using our standard growth and dividend income strategies. Accounts not being managed using our own equity-based investment strategies will be managed using one or more strategies developed by AE Wealth.

Clients will grant FWG Investments discretionary authority with respect to investment and advisory services provided to Program clients. Additionally, each client will grant AE Wealth Management full discretionary authority to (i) invest and reinvest the assets in the Program and (ii) retain Model Managers with respect to all or a part of account assets. This means AE Wealth Management will have trading authority on your account, which is necessary to trade the recommended investments. FWG Investments will also direct AE Wealth Management to trade accounts managed using FWG Investments' own strategies.

Although we review the performance of Model Managers, we are only able to select the investment managers approved by AE Wealth Management. Therefore, we have a conflict of interest because we do not recommend Model Managers to you if the investment manager is not available through AE Wealth Management.

We will provide you with a copy of AE Wealth Management's disclosure brochure which contains a detailed description of AE Wealth Management and the services they provide.

Administrative Services Provided by Orion Advisor Services, LLC

To help manage accounts through the AE Wealth Management, we utilize Orion Advisor Services, LLC (referred to as "Orion") technology platforms to support data reconciliation, performance reporting, fee calculation and billing, client database maintenance, quarterly performance evaluations, and other functions related to the administrative tasks of managing client accounts. Due to this arrangement, Orion will have access to client accounts, but Orion will not serve as an investment advisor to our clients. Orion receives a portion of the overall fee charged to our client accounts.

Non-Managed (Courtesy) Account Services

Upon discretion and final approval by FWG Investments, some clients may be allowed to establish one or more non-managed (also known as "courtesy") accounts through Fidelity Investments and appoint FWG Investments as the investment advisor to the account. While our Firm will be listed as an investment advisor on a courtesy account; courtesy accounts do not receive ongoing supervision and monitoring services like those provided to accounts through our Asset Management Services described above. We do not make any investment recommendations and will not monitor specific securities or general portfolios for these accounts. The primary purpose of this service is to include non-managed accounts owned by the client in the performance reports provided by our firm to those clients. Although we do not provide on-going management services or provide specific investment recommendations for these accounts, non-managed accounts will be included in the performance reports that are prepared and provided by FWG Investments.

Clients are solely responsible for initiating all purchase and sale decisions of general securities held in non-managed accounts. Therefore, clients with courtesy accounts, and not FWG Investments or any of our employees, will have the exclusive responsibility for the performance and monitoring of all securities that are purchased for, or held, in the non-managed account.

FWG Investments does not currently charge a fee for this service. However, clients will be required to enter into a written agreement with FWG Investments, and they will be provided with a copy of this disclosure brochure prior to establishing a courtesy account.

Newsletters - FWG Investments occasionally prepares general, educational and informational newsletters. Newsletters are always offered on an impersonal basis and do not focus on the needs of

a specific individual. We do not charge a subscription or other fee for sending newsletters.

Types of Securities

FWG Investments provides investment advice on the following types of investments:

- Equity Securities (e.g., stocks)
- Exchange Traded Funds (ETFs)
- Fixed Income Securities (e.g., bonds)
- Options Contracts on Securities
- Mutual Funds
- Exchange-listed Securities
- Corporate Debt Securities
- Variable Life Insurance

Although we generally provide advice only on the products previously listed, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

It is not our typical investment strategy to attempt to time the market, but we may increase cash holdings modestly as deemed appropriate based on your risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)

Tailor Advisory Services to Individual Needs of Clients

FWG Investments advisory services are always provided based on your individual needs. This means, for example, that when we provide asset management services, you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information. Our financial planning services are always provided based on your individual needs. When providing financial planning services, we work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information.

We will not enter an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

Rollover Recommendations

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice).
- Never put our financial interests ahead of yours when making recommendations (give loyal advice).
- Avoid misleading statements about conflicts of interest, fees, and investments.
- Follow policies and procedures designed to ensure that we give advice that is in your best interest.
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

Client Assets Managed by FWG Investments

FWG Investments has a total of \$205,904,853 in regulatory assets under management to report as of December 31, 2023. All assets are managed on a discretionary basis.

Item 5 – Fees and Compensation

In addition to the information provided in *Item 4 – Advisory Business*, this section provides additional details regarding our firm's services along with descriptions of each service's fees and compensation arrangements. It should be noted that lower fees for comparable service may be available from other sources. The exact fees and other terms will be outlined in the agreement between you and FWG Investments.

Asset Management Services

Fees charged for our asset management services are charged based on a percentage of assets under management, billed in arrears (at the end of the billing period) on a monthly calendar basis and calculated based on the average daily balance of your account for the billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for your account to be opened at any time other than the beginning of the billing period. If asset management services commenced in the middle of a billing period, the prorated fee for the initial billing period is billed in arrears at the same time as the next full billing period's fee is billed.

The asset management services continue in effect until terminated. You may terminate the services by providing FWG Investments with notice. FWG Investments may terminate the services by providing you with written notice effective 30 days after you receive the written notice. Any prepaid, unearned fees will be promptly refunded by FWG Investments to you. Fee refunds will be determined on a pro rata basis using the number of days services are actually provided during the final period.

Although our standard fee for services does not exceed 2%, fees are negotiable based on the investment adviser representative providing the services, the type of client, the complexity of the client's situation, the composition of the client's account (i.e., equities versus mutual funds), the potential for additional account deposits, the relationship of the client with the investment adviser representative, and the total amount of assets under management for the client. We do not use a tiered fee schedule approach.

FWG Investments believes that its annual fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to our compensation, you may also incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses).

Program fees will be deducted from your account by AE Wealth Management who will retain 40 basis points of the assets under management (0.40%) with the remaining portion paid directly to our firm. The portion retained by AE Wealth Management is split between AE Wealth Management, Model Managers and your account qualified custodian to cover transactions executed in your accounts.

By special request, clients may request that fees for all accounts be deducted from a single designated account. Also, by special request, clients may request direct billing from FWG Investments for its portion of the wrap fee, e.g., a client wishing to pay their qualified account fee with non-qualified funds.

To have fees deducted from your account, you must authorize the qualified custodian(s) of your account to deduct fees from your account and pay such fees directly to AE Wealth Management. You should review your account statements received from the qualified custodian(s) and verify that appropriate investment advisory fees are being deducted. The qualified custodian(s) will not verify the accuracy of the investment advisory fees deducted.

In addition, you may incur certain charges imposed by third parties other than FWG Investments in connection with investments made through your account including, but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, variable annuity fees and surrender charges, IRA and qualified retirement plan fees, and miscellaneous expenses imposed by the qualified custodian(s) of your account. Management fees charged by FWG Investments are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses is available in each investment company security's prospectus.

FWG Investments believes that its annual fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs.

You can choose how to pay your investment advisory fees. The investment advisory fees can be deducted from your account and paid directly to our firm by the qualified custodian(s) of your

account, or you can pay our firm upon receipt of a billing notice sent directly to you.

If you choose to have the investment advisory fees deducted from your account, you must authorize the qualified custodian(s) of your account to deduct fees from your account and pay such fees directly to FWG Investments. The qualified custodian will be solely responsible for debiting the fee from your account. FWG Investments will not debit the fee from your account. The fee debited from your account by the qualified custodian will cover both our investment advisory fee and the qualified custodian's execution fees. Up to .10% of your fee will be retained by the qualified custodian for execution costs with the remaining portion paid from the qualified custodian to our firm.

You should review your account statements received from the qualified custodian(s) and verify that appropriate investment advisory fees are being deducted.

If you choose to pay the fees after receiving a statement, fees are due upon your receipt of a billing notice sent directly to you. In these situations, the qualified custodian will still debit the fee for brokerage/transaction costs from your account, but you will need to pay our fee upon receipt of the billing invoice. The billing notice will detail the formula used to calculate our management fee, the assets under management and the time period covered. Fees for the services of our firm will be due immediately after your receipt of the billing notice.

You may incur certain charges imposed by third parties other than FWG Investments in connection with investments made through your account including, but not limited to, 12b-1 fees and surrender charges, variable annuity fees and surrender charges, IRA and qualified retirement plan fees, and miscellaneous fees and expenses imposed by the qualified custodian(s) of your account.

Item 6 – Performance-Based Fees and Side-By-Side Management

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. *Item 6* is not applicable to this Disclosure Brochure because we do not charge or accept performance-based fees.

Item 7 – Types of Clients

FWG Investments generally provides investment advice to the following types of clients:

- Individuals
- High net worth individuals
- Trusts, estates, or charitable organizations
- Small business including corporations and other business entities

You are required to execute a written agreement with FWG Investments specifying the particular advisory services in order to establish a client arrangement with FWG Investments.

Minimum Investment Amounts Required and Minimum Fees Charged for Financial Planning

FWG Investments requires a minimum of \$10,000 for our asset management services. To reach this account minimum, clients can aggregate all household accounts. Exceptions may be granted to this minimum for the expectation of additional funds or assets.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Investment Strategies

As indicated in Item 4, most clients are placed in a model overseen by a financial professional of our firm. The model includes a number of asset classes, including equities, both domestic and international, exchange-traded funds, mutual funds, fixed income, and commodities, amongst others. FWG Investments generally relies on sub-advisers or platform providers to implement the models. All trading for accounts in these programs will generally be conducted by the third-party investment adviser or platform provider.

Individual clients can request one-off scenarios as needed. Investment strategies and advice will vary depending upon each client's specific financial situation. We manage households and accounts in a goals-based approach so not every account is diversified. Certain accounts will potentially be more heavily weighted in one sector versus another account in order to diversify the household as a whole or to take advantage of certain tax advantages in having particular types of investments in certain types of accounts. As such, we determine investments and allocations based upon the client's predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. The restrictions and guidelines set by the client will also affect the composition of the portfolio.

Risk of Loss

Investing involves a risk of loss. Clients should be prepared to bear investment loss, including the loss of the original principal. Clients should never presume that the future performance of any specific investment or investment strategy will be profitable. Further, there are varying degrees of risk depending on different types of investments. Clients should know that all investments carry a certain degree of risk ranging from the variability of market values to the possibility of permanent loss of capital. Although portfolios seek principal protection, asset allocation and investment decisions are not guaranteed to achieve this goal in all cases. There is no guarantee a portfolio will meet a target return or an investment objective.

Risks to capital include, but are not limited to, changes in the economy, market volatility, company results, industry sectors, accounting standards and changes in interest rates. Investments are generally subject to risks inherent in governmental actions, exchange rates, inflation, deflation, and fiscal and monetary policies. Market risks include changes in market sentiment in general and styles of investing. Diversification will not protect an investor from these risks and fluctuations.

Market Risk – Either the stock market, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.

Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations.

and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

Company Risk – When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as an unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

Fixed Income Risk – When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

Inflation Risk – Also referred to as purchasing power risk, is the risk that inflation will undermine the real value of cash flows made from an investment. Inflation risk affects all investments, but most can be seen most prevalently in the bond markets.

ETF and Mutual Fund Risk – When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.

Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis, and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

Margin Risk - When you purchase securities, you may pay for the securities in full or borrow part of the purchase price from your account custodian or clearing firm. If you intended to borrow funds in connection with your Account, you will be required to open a margin account, which will be carried by the clearing firm. The securities purchased in such an account are the clearing firm's collateral for its loan to you.

If those securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and as a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in your account. The brokerage firm may issue a margin call and/or sell other assets in your account.

It is important that you fully understand the risks involved in trading securities on margin, which are applicable to any margin account that you may maintain, including any margin account that may be established as part of the Asset Management Agreement established between you and FWG Investments and held by the account custodian or clearing firm.

These risks include the following:

- You can lose more funds than you deposit in your margin account.
- The account custodian or clearing firm can force the sale of securities or other assets.

- in your account.
- The account custodian or clearing firm can sell your securities or other assets without contacting you.

You are not entitled to choose which securities or other assets in your margin account may be liquidated or sold to meet a margin call. The account custodian or clearing firm may move securities held in your cash account to your margin account and pledge the transferred securities. The account custodian or clearing firm can increase its “house” maintenance margin requirements at any time and they are not required to provide you with advance written notice. You are not entitled to an extension of time on a margin call.

Alternative Investments – Our portfolio holdings are typically traded on U.S. exchanges; however non-U.S. investments, currency and commodity investments may contain additional risks associated with government, economic, political or currency volatility.

Emerging Markets – Where justified by the investment analysis outlined above, investment either indirectly or directly in emerging markets may be included in a portfolio. Emerging markets can experience high volatility and risk in the short term.

Item 9 – Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

The Kentucky Department of Financial Institutions (“DFI”) after a routine compliance examination of FWG Investments opened a formal investigation into FWG Investments’ investment-related activities on June 26, 2018. DFI and FWG Investments entered into a Partial Agreed Order on April 30, 2020 (the “FWG Order”) to resolve the matter without litigation or other adversary proceedings and without FWG Investments admitting liability.

DFI claims that the following violations existed and are referenced in the FWG Order: (1) FWG Investments employed or associated with two individuals, Donald Eugene Bentley (“Bentley”) and Jeffrey Kyle Sheppard (“Sheppard”) who provided investment advice to clients while they were not registered as investment advisers with the DFI. Sheppard became registered as an investment adviser representative (“IAR”) on July 6, 2018. Bentley failed to satisfy the requirement that he pass the Series 65 exam and has since passed the exam. However, Bentley’s registration was suspended under a separate agreed order between him and the DFI for 120 days from April 30, 2020. When Bentley’s registration was terminated for failure to pass the Series 65 exam, the FWG Order notes that FWG Investments misrepresented Bentley’s qualifications as an IAR by failing to disclose he was not properly registered and allowing him to meet with clients and provided investment advice. (2) FWG Investments failed to maintain clear and accurate copies of correspondence between FWG Investments’ clients and employees as required under Kentucky law. (3) FWG Investments failed to maintain clear and accurate transaction records as required under Kentucky law. Without admitting liability, FWG Investments agreed to pay a civil fine of \$50,000 and to cease and desist from any further violations. This item has been resolved.

Item 10 – Other Financial Industry Activities and Affiliations

At this time, FWG Investments is **not** and does **not** have a related person that is a broker/dealer, municipal securities dealer, government securities dealer or broker, an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), another investment adviser or financial planner, a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an accountant or accounting firm, a lawyer or law firm, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

We are an independent registered investment registered adviser and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, our representatives may sell other products or provide services outside of their role as investment adviser representatives with us.

Sub-Advisers

As described in *Item 4 – Advisory Business* and *Item 5 – Fees and Compensation*, FWG Investments has formed relationships with independent investment advisers to serve as sub-advisors through AE Wealth Management. Please refer to the previous disclosures in Item 4 and Item 5 regarding our use of sub-advisers and model managers.

Insurance Product Recommendations

Through our affiliate Family Wealth Group, LLC, our financial representatives can sell other products or provide services outside of their role as investment adviser representatives with us.

Due to the firm's financial planning philosophy, it is common for our financial professionals to recommend that clients utilize insurance products (for example, a fixed index annuity ("FIA")) as part of the client's overall financial plan in lieu of separately managed accounts (specifically, in lieu of cash and fixed income asset classes). You should be aware that there are a number of conflicts of interests that are present due to our planning philosophy and recommendations to utilize insurance products in this nature.

As an estimate, our financial professionals that are registered as investment advisor representatives spend approximately 50% of their time on insurance sales and services and 50% of their time on investment advisory services in the future. Please refer to Item 5 – Fees and Compensation and Item 14 – Client Referrals and Other Compensation for more details.

You may therefore work with your financial professional in both their capacity as an investment adviser representative of FWG Investments, as well as in their capacity as an insurance agent through our affiliate Family Wealth Group, LLC. As such, your FWG Investments financial professional, in their dual capacity as an IAR and insurance agent, may advise you to purchase insurance products (general disability insurance, life insurance, annuities, and other insurance products to you), and then assist you in implementing the recommendations by selling you those same products through our affiliated insurance agency. For the reasons described below, this creates a variety of conflicts of interest that you should be aware of.

When acting as an insurance agent, in exchange for selling you those products, the financial professional will be paid a commission by the issuing insurance company. Furthermore, commissions may vary by product, and each individual product may have different commission rates. This recommendation that a client purchase an insurance product through them as an insurance agent presents a conflict of interest, as the receipt of commissions could be perceived as an incentive to recommend products that could potentially be based on commissions rather than your personal needs and objectives.

In addition, insurance products may also have different payment schedules depending on the nature of the product, and the timing of the payments likely differ from that of the advisory options offered by FWG Investments. This timing difference has the potential to create a conflict of interest since some financial professionals may have the incentive to recommend a product that pays commissions now, over an advisory product that pays fees over a relatively longer period, even if the overall advisory fees paid over the time match or exceed the total commission earned now. As an example, all other variables held equal, a 5% commission paid by an insurance company upon sale of a \$100,000 annuity product, may be more attractive to a financial professional than a one percent (1%) advisory fee charged on a \$100,000 account paid over a period of five (5) years, despite the overall pre-tax compensation paid to the financial professional being equal.

There are other conflicts present as well. FWG Investments and its insurance agency Family Wealth Group, LLC utilize the services of Advisors Excel, a third-party insurance marketing organization ("IMO") to select the appropriate product for our clients. The purpose of the IMO is to assist us in finding the insurance product that best fits the client's situation, although the IMO and insurance carrier may also offer special bonus or incentive compensation to our firm and our investment adviser representatives when they act in their separate capacities as insurance agents when they meet certain overall sales goals by placing annuities and/or other insurance products through the IMO. This creates a conflict of interest for the firm and our financial professionals in utilizing the products recommended by the IMO.

In addition, each of the individual insurance carriers that our financial professionals work with may also separately provide incentive-based bonuses or awards in exchange for sales-related production over specific periods of time, which is a conflict of interest. They may also provide indirect compensation by providing marketing assistance, business development tools, technology, back office/operations support, business succession planning, business conferences, and incentive trips. These incentive programs do not directly affect fees paid by the client. Although some of these services can benefit a client, other services obtained by our IARs such as marketing assistance, business development, and incentive trips, will not benefit an existing client and is a conflict of interest.

At times, our financial professionals receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are the result of informal expense sharing arrangements in which product sponsors will underwrite costs incurred for marketing, such as client appreciation events, advertising, publishing, and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are made by those sponsors for which sales have been made or for which it is anticipated sales will be made. This creates a conflict of interest in that there is an incentive to recommend certain products and investments based on the receipt of this compensation instead of what is in the best interest of clients.

Advisors Excel is also a related company of AE Wealth Management. Advisors Excel provides affiliate members such as our firm, FWG Investments, with marketing assistance and business development tools to acquire new clients, technology with the goal of improving the client experience and our firm's

efficiency, back office and operations support to assist in the processing of our insurance (through Advisors Excel) and investment advisory services (through AE Wealth Management) for clients, and business succession planning for our firm. Although some of these services may directly benefit a client, other services obtained by us from Advisors Excel such as marketing assistance and business development may not benefit an existing client. There is a conflict of interest when we use the sub-adviser and financial planning services of AE Wealth Management because we are influenced to use AE Wealth Management based upon our relationship and services provided and support of Advisors Excel.

We have taken a number of steps to manage these types of conflict of interests. We seek to provide full and complete disclosure for every insurance recommendation. We attempt to control these sales-related conflicts by always basing investment decisions on the individual needs of clients. As a fiduciary, we expect and require that each investment adviser representative only recommend insurance and annuities when in the best interest of the client.

The sale of commission-based products is supervised by the firm's Chief Operating Officer, and the firm makes periodic reviews of its insurance recommendations to ensure that our financial professionals act in accordance with our fiduciary duty. If you have any questions or concerns about annuity recommendations made during the financial planning process, we encourage you to immediately bring them to the attention of the Chief Operating Officer or the CCO.

Finally, you should be aware that there are other insurance products that are offered by other insurance agents other than those recommended by our financial professionals. You are under no obligation to implement any insurance or annuity transaction through our affiliate Family Wealth Group, LLC.

Informal Arrangement with Third-Party Accountant and Attorney

FWG Investments may recommend the use of Mark Chambers, CPA, of Chambers CPA, an unaffiliated third-party accountant, to help with personal tax preparation and analysis. FWG Investments, at their discretion, will pay up to \$275 for personal, non-business tax preparation and analysis services as a complimentary service to the client. Fees in excess of \$275 are paid by the client. FWG Investments receives no referral fees or other compensation from the accounting firm and the accounting firm does not receive referral fees from FWG Investments when the accounting firm refers clients to FWG Investments. Clients are not obligated or required in any way to use the services of Mark Chambers, CPA, of Chambers CPA and can use any accounting firm they choose.

FWG Investments also recommends D. Lyle McQuinn, JD, of Goeing, Goeing & McQuinn PLLC, an unaffiliated law firm that specializes in wills and estate planning. All legal fees charged by D. Lyle McQuinn, JD, of Goeing, Goeing & McQuinn PLLC, are paid by the client and the client will need to execute a separate, written agreement with the law firm. The law firm may also attend FWG Investment seminars and meet at our offices with clients. No fees for client referrals are paid in either direction. Clients are not obligated to utilize the services of a third-party law firm recommended by FWG Investments and can use the attorney of their choice.

Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading

Code of Ethics Summary

An investment adviser is considered a fiduciary and has a fiduciary duty to all clients. FWG Investments has established a Code of Ethics to comply with the requirements of the securities laws and regulations that reflect its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. FWG Investments' Code of Ethics covers all individuals that are classified as "supervised persons." All employees, officers, directors and investment adviser representatives are classified as supervised persons. FWG Investments requires its supervised persons to consistently act in your best interest in all advisory activities. FWG Investments imposes certain requirements on its affiliates and supervised persons to ensure that they meet the firm's fiduciary responsibilities to you. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of the Code of Ethics of FWG Investments. If you wish to review the Code of Ethics in its entirety, you should send us a written request and upon receipt of your request, we will promptly provide a copy of the Code of Ethics to you.

Affiliate and Employee Personal Securities Transactions Disclosure

FWG Investments or the supervised persons of the firm may buy or sell for their personal accounts investments identical to those recommended to clients. This creates a conflict of interest. It is the express policy of FWG Investments that all persons supervised in any manner with our firm must place clients' interests ahead of their own when implementing personal investments. As is required by our internal procedures manual, FWG Investments and its supervised persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry.

We are now and will continue to be in compliance with applicable state and federal rules and regulations. To prevent conflicts of interest, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members (collectively, supervised persons). Any supervised person not observing our policies is subject to sanctions up to and including termination.

Item 12 – Brokerage Practices

Clients are under no obligation to act on the financial planning recommendations of FWG Investments. If the firm assists in the implementation of any recommendations, we are responsible for ensuring that the client receives the best execution possible. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions considered, the transaction execution is in your best interest. When considering best execution, we look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with our existing systems, ease of monitoring investments)
- Certain soft dollar products and services offered (e.g., investment programs, back-office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability, and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

We exercise reasonable due diligence to make certain that the best execution is obtained for all clients when implementing any transaction by considering the back-office services, technology and pricing of services offered.

At least annually, we will review alternative custodians in the marketplace for comparison to the currently used custodian, evaluating criteria such as overall expertise, cost competitiveness, and financial condition. Quality of execution for custodians will be reviewed through trade journal evaluations. Currently, we require the use of Fidelity.

Fidelity

We may also recommend the use of National Financial Services, LLC, a Fidelity affiliated company and SEC-registered broker/dealer member FINRA/SIPC. This recommendation is based on our participation in the Fidelity Institutional Wealth Services program. Fidelity provides FWG Investments with access to their institutional trading and custody services, typically not available to retail investors. The services from Fidelity include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Fidelity also makes available to FWG Investments other products and services that we benefit from but may not benefit your accounts. Some of these other products and services assist us in managing and administering client accounts. These include software and other technology that:

- Provide access to client account data (such as trade confirmation and account statements)
- Facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts)
- Provide research, pricing information and other market data
- Facilitate payment of our fees from client accounts
- Assist with back-office functions, recordkeeping, and client reporting.

Many of these services generally may be used to service all or a substantial number of our accounts. Fidelity also makes available other services intended to help us manage and further develop our business. These services may include:

- Consulting, publications, and conferences on practice management
- Information technology
- Business succession
- Regulatory compliance
- Marketing.

In addition, Fidelity may make available, arrange and/or pay for these types of services rendered to FWG Investments by independent third parties providing these services to us. As a fiduciary, we

endeavor to act in your best interest. Our requirement that you maintain your assets in accounts at Fidelity may be based in part on the benefit to us of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Fidelity. This creates a potential conflict of interest.

Directed Brokerage

Clients should understand that not all investment advisors require the use of a particular broker/dealer or custodian. Some investment advisors allow their clients to select whichever broker/dealer the client decides. By requiring clients to use a particular broker/dealer, FWG Investments may not achieve the most favorable execution of client transactions and the practice requiring the use of specific broker/dealers may cost clients more money than if the client used a different broker/dealer or custodian. However, for compliance and operational efficiencies, FWG Investments has decided to require our clients to use broker/dealers and other qualified custodians determined by FWG Investments. You are under no obligation to act on our recommendations. You may select a broker/dealer or account custodian other than those we use, although in this case we cannot assist you with asset management services.

Block Trading Policy

We may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading, or block trading and is used by our firm when FWG Investments believes such an action may prove advantageous to clients. If and when we aggregate client orders, allocating securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently.

FWG Investments uses the average price allocation method for transaction allocation. Under this procedure FWG Investments will calculate the average price and transaction charges for each transaction included in a block order and assign the average price and transaction charge to each allocated transaction executed for the client's account.

If and when we determine to aggregate client orders for the purchase or sale of securities, including securities in which FWG Investments or our associated persons may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* Neither we nor our associated persons receive any additional compensation as a result of block trades.

Item 13 – Review of Accounts

Account Reviews and Reviewers

Managed accounts are reviewed at least annually. While the calendar is the main triggering factor, reviews can also be conducted at your request. Account reviews will include investment strategy and objectives review and making a change if strategy and objectives have changed. Reviews are conducted by registered investment advisors, with reviews performed in accordance with your

investment goals and objectives.

Statements and Reports

For our asset management services, you are provided with transaction confirmation notices and regular monthly account statements in writing directly from the qualified custodian. Additionally, FWG Investments may provide performance reports to you upon request. You are encouraged to always compare any reports or statements provided by us or a sub-adviser against the account statements delivered from the qualified custodian. When you have questions about your account statement, you should contact our firm and the qualified custodian preparing the statement.

Item 14 – Client Referrals and Other Compensation

FWG Investments does not directly or indirectly compensate any person for client referrals.

Our investment advisor representatives, acting in their separate capacity as insurance agents, receive commissions and other incentive awards for the recommendation/sale of annuities and other insurance products. While our investment advisor representatives' endeavor at all times to put the interest of the clients first as a part of the firm's fiduciary duty, clients should be aware that the receipt of commission and additional compensation itself creates a conflict of interest and may impact the insurance products they select when making recommendations.

We may from time to time receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in

which product sponsors may underwrite costs incurred for marketing such as client appreciation events, advertising, publishing, and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for which sales have been made or for which it is anticipated sales will be made. This creates a conflict of interest in that there is an incentive to recommend certain products and investments based on the receipt of this compensation instead of what is in the best interests of our clients. We attempt to control this conflict by always basing investment decisions on the individual needs of our clients.

Item 15 – Custody

Custody, as it applies to investment advisors, has been defined by regulators as having access to or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented. According to this definition, FWG Investments will not have custody of client funds or securities.

For all of our managed accounts, we have established procedures to ensure all client funds and securities are held by a qualified custodian in a separate account for each client under that client's

name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from FWG Investments. When clients have questions about their account statements, they should contact FWG Investments or the qualified custodian preparing the statement.

Item 16 – Investment Discretion

When providing asset management services, FWG Investments maintains trading authorization over your Account and can provide management services on a discretionary basis. When discretionary authority is granted, we will have the authority to determine the type of securities and the number of securities that can be bought or sold for your portfolio without obtaining your consent for each transaction. Our discretionary authority also includes the ability to select Sub-Advisers and Model Managers.

When client grants discretionary authority to establish or terminate a sub-adviser relationship, client also grants the Sub-Adviser selected by FWG Investments with the discretionary authority (in the sole discretion of the Sub-Adviser without first consulting with client) to make all decisions to buy, sell or hold securities, cash, or other investments for such portion of the Account managed by the Sub-Adviser. Client also grants the Sub-Adviser selected by FWG Investments the power and authority to carry out these decisions by giving instructions, on behalf of Client, to brokers and dealers and the qualified custodian(s) of the Account. Client authorizes FWG Investments to provide a copy of this Agreement to the qualified custodian or any broker or dealer, through which transactions will be implemented on behalf of Client, as evidence of Sub-Adviser's authority under this Agreement.

Item 17 – Voting Client Securities

FWG Investments does not vote proxies on behalf of Clients. We have determined that taking on the responsibility for voting client securities does not add enough value to the services provided to you to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote on all proxies for securities held in Account.

You will receive proxies directly from the qualified custodian or transfer agent; we will not provide you with the proxies. You are encouraged to read through the information provided with the proxy-voting documents and make a determination based on the information provided. Although we do not vote client proxies, if you have a question about a particular proxy feel free to contact us. However, you will have the ultimate responsibility for making all proxy-voting decisions.

Item 18 – Financial Information

Item 18 is not applicable to this brochure. FWG Investments does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, FWG Investments has not been the subject of a bankruptcy petition at any time.