

# FORTIGENT, LLC

## Part 2A Appendix 1 of Form ADV

### Wrap Fee Program Brochure

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This wrap fee program brochure provides information about the qualifications and business practices of Fortigent, LLC (“Fortigent” or the “Company”). If you have any questions about the contents of this brochure, please contact us at (301) 816-1200. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Fortigent is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training.

Additional information about Fortigent is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2. Material Changes**

This brochure is a new document prepared in response to the 2010 amendments to SEC Form ADV Part 2A, Appendix 1. In the future, Item 2 will be used to provide Clients with a summary of material changes that are made to this brochure since the last annual update.

Additionally, this brochure must be filed online with the SEC.

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## Item 4. Services, Fees, and Compensation

Fortigent, founded in November 2006, delivers a fully integrated and customizable business-to-business outsourced wealth management solution to banks, trust companies, multifamily offices, and independent advisory firms (“Financial Intermediary Firms”) and their clients (“Clients”). General investment advisory services include a broad and open investment platform with particular expertise in alternative investments, a flexible unified managed account program, and consolidated wealth reporting. Additional information about these services appears in Fortigent’s Form ADV Part 2A.

In addition to the services provided by Fortigent as detailed in Fortigent’s ADV Part 2A, Fortigent has created a wrap program, which is detailed more thoroughly throughout this document.

### Services Descriptions

Fortigent provides non-discretionary and discretionary investment management (depending on the Investment Option selected by Clients), as well as administrative services such as trade processing and administrative services such as the processing of bank transactions, at the consent of the Clients, directly to clients of the Financial Intermediary Firms. Services are provided through the Fortigent Access Program (the “Program”), a wrap fee program. A wrap fee program is an advisory program under which a specified fee, or fees, not based directly upon transactions in a client’s account is charged for investment advisory services and the execution of client transactions. The Program generally is made available by Fortigent through each Client’s Financial Intermediary Firm.

The Financial Intermediary Firm is responsible for meeting with Clients and determining whether the Client is a candidate for participation in the Program. Financial Intermediary Firm may use Fortigent’s Proposal Generation System to create an investment plan, which they will then present to the Client. After consultation with the Financial Intermediary Firm, the Client may elect to participate in the Program. Once the Client, with the assistance of the Financial Intermediary Firm, elects to participate in the Program, the Client will allocate those assets among the different investment options (“Investment Options”) in the program, as detailed below.

Fortigent offers the following Investment Options within the Program:

- A Unified Managed Account Option (“**ACCESS OVERLAY™** Program”), sponsored by Fortigent and customized by the Financial Intermediary Firm, through which it retains the advice of third-party investment advisers (“Research Providers”), including separate accounts investing in fixed-income securities offered through master services agreements entered into by Fortigent and Research Providers (“Fixed Income Overlay Option”)
- Mutual funds and exchange-traded funds (“Funds”) registered under the Investment Company Act of 1940, as amended (“Investment Company Act”), (“Fund Option”)
- Individual equity and fixed-income securities (“Securities Option”)
- Certain alternative investment products, which are private investment funds (“Private Funds”) that would be an investment company under Section 3 of the Investment Company Act but for

the exclusions from the definition of "investment company" under Section 3(c)(1) or 3(c)(7) of the Investment Company Act ("Alts Option")

### Service Types

For Clients using the Program, the Client is offered a portfolio that accesses all Options, and the portfolio is customized by the Client's Financial Intermediary Firm, based on the Client's financial situation. The Financial Intermediary Firm customizes the Program for a particular Client or selects Fortigent's proposed asset allocations for types of investors fitting the Client's profile. The Financial Intermediary Firm then further customizes the portfolio by selecting the specific underlying models to meet the Client's needs. Once the Financial Intermediary Firm has established the content of the Program and the Client consents to the specifics of its Program participation, Fortigent provides services for the Program.

The Client and the Financial Intermediary Firm compile pertinent financial and demographic information to develop an investment plan that will meet the Client's goals and objectives and determine which Investment Options are appropriate for the Client. Through the use of Fortigent's proposal generation system, the Financial Intermediary Firm will create an investment proposal for the Client. Fortigent's proposal system includes asset allocation models, investment allocation proposals, and portfolio generation tools. Based on the outputs from the Fortigent system, the Financial Intermediary Firm creates individual Client investment proposals that may include backtested comparisons of the various Investment Options for 3, 5, 7, and/or 10-year time periods, as well as specific investment recommendations. From time to time, Fortigent may assist the Financial Intermediary Firm in creating the proposal. The Financial Intermediary Firm will then present the final proposal to the Client.

The Client's Financial Intermediary Firm may also offer a version of the Program in which the Financial Intermediary Firm does not exercise investment discretion in the selection of the asset allocation or the specific underlying investment vehicles and investment strategies used in the Program. The Financial Intermediary Firm will provide Clients with recommendations regarding the appropriate asset allocation and the underlying investment vehicles or investment strategies to meet the Client's investment guidelines, but the Client directs the selection of the appropriate asset allocation and the underlying Funds or investment strategies. Clients should therefore consult their Financial Intermediary Firms' Forms ADV Part 2 for a full description of their Financial Intermediary Firm's specific offerings through the Program.

### Investment Options

- Within the **ACCESS OVERLAY™** Program, Fortigent manages accounts comprising individual securities on a discretionary basis. A client account participating in the **ACCESS OVERLAY™** Program option is invested in a manner consistent with one of several multi-manager, multi-asset allocation strategies created by Fortigent or by the Financial Intermediary Firm.

Specifically, responsibilities for management of accounts participating in the **ACCESS OVERLAY™** Program are divided as follows:

- Fortigent or the Financial Intermediary Firm is responsible for creation of series of models with varying asset allocations. Fortigent will create models that are available for use by the Client and the Financial Intermediary Firm. Additionally, the Financial Intermediary Firm may create custom models to build the Client's portfolio. To create the Fortigent models, Fortigent conducts initial and ongoing due diligence on Research Providers that provide their own model portfolio allocations. In addition, Fortigent may select mutual funds and/or exchange-traded funds ("ETFs) for each model. To implement the models, Fortigent has selected an investment adviser (the "Overlay Manager") responsible for making discretionary trading decisions to implement the models in the participating **ACCESS OVERLAY™** Program accounts. The Overlay Manager currently selected is Parametric Portfolio Associates, LLC, an SEC-registered investment adviser.
- As an additional option, the Overlay Manager will execute transactions according to its "Tax Efficient Management Strategy," which may cause it to delay or defer transactions causing the account to mirror its applicable model. In any case, the Overlay Manager may take actions for certain accounts that it does not take for other accounts, even when such accounts are all intended to be managed to the same model. The Overlay Manager is responsible for providing periodic rebalancing services so the allocation of these accounts remains consistent with the selected model(s).
- The Fixed Income Overlay Option engages Research Providers to directly manage a portfolio for the Client on a discretionary basis. Fortigent has executed Master Service Agreements between certain Research Providers and Fortigent where the Research Provider acts as sub-adviser to the portfolio. The Research Providers provide research with respect to portfolio fixed-income investment securities; render advice with respect to fixed-income investment decisions; buy, sell, and otherwise trade (at their discretion) in fixed-income investments maintained in the portfolio; and select brokers and dealers for fixed-income investment transactions with settlement occurring at the custodian designated by Client.
- As noted above, the Financial Intermediary Firm may be responsible for the creation of series of models with varying asset allocations and risk profiles. The Financial Intermediary Firm will be responsible for reviewing the Client's financial situation to determine risk and suitability. The Financial Intermediary Firm is responsible for working with the **ACCESS OVERLAY™** Program and the Fixed Income Overlay Option Client to determine the suitable model(s) for the Client. Again, the Financial Intermediary Firm may also create its own model using a blend of Research Providers, mutual funds, and ETFs.
- The Fund Option allows Financial Intermediary Firms to create their own customized portfolios for Clients, either on a discretionary or non-discretionary basis. Within the Fund Option, Fortigent provides only administrative services, that is, it provides no investment management services and is not responsible for the selection of the specific Funds. Fortigent will, however, process trade orders pursuant to the direction of the Financial Intermediary Firms.

- The Securities Option offering equities and fixed-income securities allows Financial Intermediary Firms to create their own customized portfolios for Clients, either on a discretionary or non-discretionary basis. Within the Securities Option, Fortigent provides only administrative services, that is, it provides no investment management services and is not responsible for the selection of the specific equities and fixed-income securities selected for the portfolio. Fortigent will, however, process trade orders pursuant to the direction of the Financial Intermediary Firms.
- The Alts Option gives Financial Intermediary Firms the ability to include Private Funds managed by Fortigent in Client portfolios. Fortigent manages the assets of each of the Alts in accordance with the terms of the governing documents applicable to each Private Fund. Within the Alts Option, the Financial Intermediary Firm may recommend that the Client invest in one of the available Private Funds.

Currently, Fortigent provides the following Private Funds within the Alts Option:

- Directional Quantitative Equity Fund, LLC is a feeder fund that invests substantially all of its assets in the Renaissance Institutional Equities Fund LLC (“RIEF”). RIEF is designed to have relatively low volatility, a relatively low beta and average holding times in excess of one year. RIEF’s investment universe consists of U.S. equities only, but RIEF may trade stock index futures to reduce risk.
- Discretionary Managed Futures Fund, LLC is a feeder fund that invests substantially all of its assets in the Blenheim Fund, LLC (“Blenheim”). Blenheim seeks substantial capital appreciation through consistency of performance, control of volatility through implementation of risk control parameters and trading strategies, and diversification through investment in a wide range of markets. Blenheim pursues those objectives by trading futures, physicals, options, and forward contracts in, *inter alia*, the global fixed-income, currency, stock index, and energy and commodities markets. Blenheim’s strategy may also include other investment instruments such as transactions in securities, fixed-income instruments, and swaps.
- Global-Event Driven Fund, LLC is a feeder fund that invests substantially all of its assets in Owl Creek II, L.P. (“Owl Creek”). Owl Creek’s investment objective is to seek above-average returns through an opportunistic event-driven value strategy with a focus on capital preservation. Owl Creek has the ability to invest in both long/short distressed debt and long/short value equity of both U.S. and non-U.S. issuers.
- Ironwood Partners Access Fund, LLC is a feeder fund that invests substantially all of its assets in Ironwood Partners L.P. (“Ironwood Partners”). Ironwood Partners’ investment objective is to seek substantial capital appreciation with limited variability of returns. Ironwood Partners allocates capital among a number of independent investment managers, acting through pooled entities such as limited partnerships, limited liability companies, and offshore corporations or through managed accounts, the majority of which employ “relative value” and arbitrage strategies.

- The Small Cap Long Short Fund, LLC is a feeder fund that invests substantially all of its assets in Chilton Small Cap Partners, L.P. (“Chilton”). Chilton’s investment objective is to produce superior investment returns to its benchmarks throughout various market cycles, primarily by investing in the securities of smaller capitalization companies with strong, experienced management teams and significant revenue and earnings potential. Chilton may utilize various defensive strategies, including short selling and other hedging techniques, to protect and enhance the fund’s capital.
- The Access Marathon Fund, LLC is a feeder fund that invests substantially all of its assets in the Marathon Special Opportunity Fund, L.P. (“Marathon”). Marathon’s investment objective is to generate absolute total returns through investments in event-driven and distressed equity and debt securities. Marathon’s investments may be for short-term investment horizons or multi-year long-term investment horizons, and may be domiciled within any industry group in the U.S., Europe, or Asia, or in any developed country or emerging market. Marathon’s investment strategy allows it to take long and short positions in bonds, stocks, or derivative positions in single names or indices that allow for profit in the event of a market, industry, or company event or for portfolio hedging purposes.

Interests in the Private Funds are not registered under the Securities Act of 1933 and the Private Funds are exempted from the definition of an investment company under the Investment Company Act. Accordingly, interests in the Alts are offered and sold exclusively to Clients satisfying the applicable eligibility and suitability requirements for private placement transactions within the United States.

#### Brokerage and Best Execution

The Client and the Financial Intermediary Firm will select a custodian of the Client’s assets and a broker for trade executions (except, as agreed upon, in limited circumstances for the Fixed Income Overlay Option). In directing the use of a particular broker, Clients may lose out on certain benefits that may otherwise be obtained, and it should be understood that Fortigent will not have authority to obtain volume discounts. Consequently, the Client may forfeit more favorable commission rates and executions.

#### • ***ACCESS OVERLAY™ Program Trades***

Fortigent delegates all trading responsibilities to the Overlay Manager for the **ACCESS OVERLAY™** Program. The Overlay Manager may buy, sell, exchange, convert, tender, and otherwise trade in any stocks, bonds, or other securities, as well as execute securities transactions through accounts established with such brokers or dealers as the Financial Intermediary Firm or the Client may select. The Client and the Financial Intermediary Firm will select a custodian of the Client’s assets and a broker for trade execution. Accordingly, the Overlay Manager will not be able to negotiate the terms and conditions (including, but not limited to, asset-based or transaction-based commission rates) relating to the services provided by such custodian. The Overlay Manager does not have any responsibility for obtaining for the Client from any such custodian the best prices or particular commission rates with or through



any such custodian, although Fortigent has sought to obtain preferred pricing arrangements from the custodians from which the Client may select. The Overlay Manager generally aggregates securities sale and purchase orders for a Client with similar orders being made contemporaneously for other Clients. When orders are aggregated, the average price of all securities purchased or sold in such transactions may be determined and a Client may be charged or credited, as the case may be, the average transaction price. As a result, however, the price may be less favorable to the Client than it would be if similar transactions were not being executed concurrently for other Clients.

- *Fixed Income Overlay Option Trades*

Each Fixed Income Overlay Option Research Provider will have investment discretion over that portion of the Client's accounts managed by the particular Research Provider. The Client should receive disclosures of each such Research Provider's practices, including brokerage, aggregation of orders, and use by the investment manager of "soft dollars" to obtain research products and services from broker-dealers based on customer orders placed through the broker-dealer. The designation by a Client of a particular broker-dealer for execution of Client account transactions will severely limit the ability of the Research Provider to manage the account and may affect the commission rates and the method and pricing of execution of the Client's account transactions for the portion of the Client's portfolio managed by a particular Research Provider. The Client is urged to review each Research Provider's disclosures on brokerage practices in deciding whether to direct the Research Provider to use a particular broker for execution of the Client's portfolio transactions.

- *Fund Option and Securities Option Trades*

Fortigent attempts to negotiate the commission rate that a Client is to pay to the broker that it has directed Fortigent to use. The Client either approves the commission rate negotiated by Fortigent or separately determines the commission rate pursuant to its own efforts. In either procedure, the authority to negotiate and establish the rate is solely maintained by the Client. A disparity in commission charges may exist among the commissions charged to Clients. In some instances, the Financial Intermediary Firm may negotiate commission or asset-based pricing for all trading in Client accounts.

Fortigent generally does not aggregate orders for Clients, which could potentially achieve a better average price on ETF and equity transactions for clients. Furthermore, Fortigent generally uses Market-on-Close ("MOC") orders for ETFs, equity transactions, and domestic fixed-income securities. A MOC order is a market order that is submitted to execute as close to the closing price as possible.

As such, in accordance with the rules of the New York Stock Exchange ("NYSE") for entering/canceling/modifying MOC orders, all MOC orders must be received at NYSE (and at AMEX) by 3:45 p.m. ET, unless entered to offset a published imbalance. NYSE rules also prohibit the cancellation or reduction in size of any MOC order after 3:45 p.m. ET. NASDAQ rules require that all MOC orders must be received by 3:50 p.m. ET and cannot be cancelled after 3:50 p.m. ET. Clients should be aware of the probable effect a large order will have on

the closing price and thus the risk of receiving an unfavorable price due to this practice engaged in by Fortigent.

**In effecting transactions, Fortigent is not obligated to seek in advance competitive bidding for the most favorable commission rate applicable to any particular transaction for the Client's account or recommend any broker on the basis of its posted commission rate.**

- *Alts Option Trades*

Fortigent will generally invest the Alts Option assets in underlying Private Funds directly and without the involvement of any financial intermediary such as a broker-dealer. Thus commissions are not ordinarily payable in connection with such investments.

#### Fees

Fortigent assesses Program fees ("Program Fees") on a quarterly basis collected in advance, which include reimbursement for custody and trading (including the Overlay Manager, where applicable), Research Provider compensation, and advisory services provided to the Client and the Financial Intermediary Firm. The Program Fees include economic, capital market, and investment management/manager research; investment advisory services; proposal generation; account reconciliation; trade facilitation; online access to accounts for both the Client and the Financial Intermediary Firm; and performance reporting. Under certain circumstances, Program Fees may be negotiable and certain Financial Intermediary Firms may have negotiated separate pricing for their clients. Please consult your Financial Intermediary Firm's Form ADV Part 2 for more information.

Program Fees also include custody/brokerage fees assessed at the rates negotiated between the Client and the custody/brokerage provider. Fortigent's portion of the Program Fees is detailed on the next page.

Assets	Fund Option and Securities Option (BPS)	Access Overlay™ Equity Portion <sup>1</sup> (BPS)	Access Overlay™ Fixed Income <sup>2</sup> Portion (BPS)	Alts Option <sup>3</sup>	Effective Range (\$)
First \$1MM	15	85	45	0	0 to 1,000,000
Next \$2MM	15	81	41	0	1,000,001 to 3,000,000
Next \$2MM	10	77	37	0	3,000,001 to 5,000,000
Next \$5MM	8	69	29	0	5,000,001 to 10,000,000
All assets over \$10MM	7	67	27	0	10,000,001+

<sup>1</sup> Access Overlay Equity Portions includes 35 BPS of Research Provider fee. Accounts with allocations to Researcher Providers that, on average, exceed 35 BPS are assessed a surcharge of 1 BPS per 1 BPS exceeding 35 bps.

<sup>2</sup> Access Overlay Fixed Income Portions includes 20 BPS of Research Provider fee. Accounts with allocations to Researcher Providers that, on average, exceed 20 BPS are assessed a surcharge of 1 BPS per 1 BPS exceeding 20 BPS.

<sup>3</sup> Alts Option fees are based on the fees described in the Fund documents. No separate Program Fee is charged.

THE ABOVE PRICING IS BASED ON A HOUSEHOLD STRUCTURE SUCH THAT THE TOTAL FAMILY ASSET SIZE IS APPLIED AT EACH IMPLEMENTATION LEVEL FOR PURPOSES OF HITTING THE BREAKPOINT FEES. HOUSEHOLD IS DEFINED AS ENTITIES REASONABLY ASSOCIATED WITH A SINGLE DECISIONMAKER.

#### *Additional Fees*

Certain fees are not included in the Program Fees, most notably the Financial Intermediary Firm's fees. The Program Fee also does not cover certain charges associated with securities transactions in Clients' accounts, including (i) dealer markups, markdowns, or spreads charged on transactions in over-the-counter securities (including fixed-income securities); (ii) costs relating to trading in certain foreign securities; and (iii) the internal charges and fees that may be imposed by any Funds and Private Funds (such as fund operating expenses, management fees, redemption fees, 12b-1 fees and other fees and expenses—further information regarding charges and fees assessed by the Funds may be found in the appropriate prospectus or offering document), or other regulatory fees; (iv) brokerage commissions or other charges imposed by broker-dealers or entities other than the custodian if and when trades are cleared by another broker-dealer; (v) the charge to carry tax lot information on transferred mutual funds or other investment vehicles, postage and handling charges, returned check charges, transfer taxes, and stock exchange fees or other fees mandated by law; and (vi) any brokerage commissions or other charges, including contingent deferred sales charges ("CDSC"), imposed upon the liquidation of "in-kind assets" that are transferred into the Program. Clients also may be subject to taxes upon liquidation of such assets. Accordingly,

Clients should consult with their Financial Intermediary Firm and tax consultant before transferring in-kind assets into a Program.

### **ACCESS OVERLAY™ Program Fees**

When the Client selects a Research Provider in the **ACCESS OVERLAY™** Program, the Program Fees encompass the fees paid to the Research Provider for its services in addition to the Fortigent fees associated with making those strategies accessible and administering them in the Program. Fortigent separately negotiates the agreements with the Research Provider, including fees paid, on terms and conditions that it deems acceptable. Because Fortigent captures a flat Research Provider fee of 35 BPS (or 20 BPS in the Fixed Income Overlay Option), Fortigent is incentivized to make lower-cost Research Providers available in the Program. To mitigate this conflict of interest, our Research Team is not compensated based on fees generated by the Program. Further, Fortigent's Research Team performs its due diligence process wholly independent of the other business lines of Fortigent.

### *Fee Billing*

As one of its services, Fortigent performs account billing administration, whereby Fortigent, acting as a billing service provider, deducts the Program Fees, fees charged by the Financial Intermediary Firms, and the custodian fee from the Client's account. Fortigent then pays the applicable parties. However, as agreed upon with Client, Financial Intermediary Firms and custodians may choose to independently deduct fees from the Client's accounts. Management fees may be collected by Fortigent but are paid directly to the Financial Intermediary Firms. Clients should separately refer to their Financial Intermediary Firm's Form ADV Part 2A for a description of the Financial Intermediary Firm's fees.

Fortigent calculates fees based upon the schedules agreed to with each Financial Intermediary Firm. Each schedule determines rates applicable to various asset levels, the cumulative or non-cumulative calculation methodology, household configuration, billing frequency, and treatment of cash flows. Please contact your Financial Intermediary Firm for details specific to your account.

Fees are calculated and debited quarterly in advance using the account value of the last trading day of the prior quarter. Billing is performed at quarter end only, except for new or departing accounts. Any material changes or re-calculations to a billed amount as set forth in this agreement will be accrued until the next billing statement date and appended as an adjustment ("True Ups"). Fees are re-calculated for all accounts in which a client has invested or withdrawn \$10,000 or more intra-quarter. An adjustment will be accrued and appended to the next billing statement and debited with the next billing amount.

Fees for accounts added intra-quarter are calculated as of the date of funding plus one trading day and debited on the first trading day of the next month pro-rated for the number of calendar days in the quarter, with one exception. Accounts added in the last month of a quarter are billed starting at the start of the following quarter for the portion of the month used in the initial quarter and the full following calendar quarter.

Terminated accounts will be reimbursed a pro rata amount of the number of unused calendar days in the quarter, subject to any True Ups that would have occurred if that account had not been terminated.

If a Client elects to have data aggregation services, data aggregation charges are added to the Financial Intermediary Firm fee or Program Fees depending upon individual arrangements with the Financial Intermediary Firm.

#### *Other Issues Relating to Fees*

Fortigent believes that its Program Fees are competitive with fees charged by other investment advisers for comparable services, especially in consideration of the fact that the costs of the Program are included in the Program Fees. Comparable services may be available, however, from other sources for lower fees. In some cases, Fortigent's portion of the Program Fees more or less depends on the Research Providers selected by Client in the **ACCESS OVERLAY™** Program.

Using the Program may cost the Client more or less than paying for investment management services and transaction costs separately. For example, if the Client engages Fortigent for the **ACCESS OVERLAY™** Program only, the Client's Program Fees would be determined by (i) the **ACCESS OVERLAY™** Program Fee negotiated by its Financial Intermediary Firm with Fortigent, and (ii) the fees charged by the broker/custodian (as negotiated by the Financial Intermediary Firm on behalf of its clients). Similarly, should the Client choose a Fixed-Income Securities Program, the Program Fees would be determined by (i) the advisory fee negotiated by its Financial Intermediary Firm and/or Fortigent with the Research Provider, and (ii) the fees charged by the broker/custodian (as negotiated by the Financial Intermediary Firm on behalf of its clients).

Fees are subject to change upon the Financial Intermediary Firm or Fortigent giving the Client 30 days' written notice. The Client has the option of accepting the new fee schedule or terminating its participation in the Program.

#### *Termination*

Use of the Program may be terminated at any time by either the Client or by Fortigent by written notice to the other of such termination. Upon notification, Fortigent will settle any outstanding trades and, if requested by Client, the liquidation of portfolio securities. Program Fees payable will be prorated to the date of termination as specified in the notice of termination.

## **Item 5. Account Requirements and Types of Clients**

### Account Requirements

All the Programs have minimum account sizes and minimum Program Fees associated with them.

#### ***ACCESS OVERLAY™ Program***

The minimum account size for the **ACCESS OVERLAY™** Program, including the Fixed Income Overlay Option, is \$250,000 for accounts utilizing the Overlay Manager Tax Efficient Management Strategy, or \$100,000 otherwise. Clients utilizing the Overlay Manager Tax Efficient Management Strategy are subject to a minimum annual Program Fee of \$1,125; the minimum for other accounts is \$750.

#### *Fund and Securities Options*

The minimum account size for the Fund and Securities Option Account is \$25,000. The minimum annual account charge is \$250.

#### *Alts Option*

The minimum account size for the Alts Option is subject to the requirements of the individual fund documents.

These minimums are negotiable and have been waived for some Clients.

### Client Types

Fortigent offers the Program to individuals, trusts, estates, and charitable organizations, as well as pension plans and profit-sharing plans. As described above, the Programs generally are made available by Fortigent through each Client's Financial Intermediary Firm.

## Item 6. Portfolio Manager Selection and Evaluation

### Program Selection Review

Fortigent or the Financial Intermediary Firm is responsible for creation of series of models with varying asset allocations and risk profiles. Reviews are performed initially. Additionally, ongoing due diligence is performed on the Research Providers, Funds, and Private Funds participating in the model.

The performance of Research Providers, Funds, Securities, and Private Funds are generally monitored on a monthly basis. Fortigent uses published databases of Research Providers, Funds, Securities, and Private Fund performance. Fortigent does not independently audit or verify the performance figures reported by the Research Providers, Funds, Securities, and Private Funds that appear in these databases; as such, performance information of all of the managers may not be calculated on a uniform basis. Factors that may trigger a review include changes in performance or advisory fees, as well as political and economic events.

Program accounts are reviewed by the Financial Intermediary Firm whenever an adjustment is made to the model with respect to a Research Provider, Fund, Security, or Private Fund participating in the model with respect to a particular account.

#### *Approved Research Providers in the **ACCESS OVERLAY™** Program*

Fortigent evaluates Research Providers based on qualitative and quantitative factors. The qualitative review evaluates Research Providers based on these historical returns: portfolios that have consistently beaten their benchmark over time; portfolios that have consistently tracked their respective benchmark over time; and portfolios that have generated meaningful active returns relative to the risk taken.

Fortigent works to provide additional insight through qualitative reviews, including, but not limited to, conducting Research Provider interviews to gain a clearer understanding of the investment process and review organizational stability; reviewing investment personnel tenure and experience; reviewing for an understanding of the financial economics employed in the investment selection process that creates consistent active value; and reviewing for an understanding of the benchmark risk control philosophy, methods systems, and trading capabilities.

#### *Approved Funds*

The set of potential candidate Funds are identified using a multi-step process. This process includes (i) identification of the market segment for desired exposure; (ii) evaluation of index providers/securities that provide applicable market coverage; (iii) and further evaluation of index/company methodologies to ensure proper exposure and a thorough understanding of the Fund/security screen of the universe and the appropriate level of correlation and risk/return characteristics to provide the desired exposure. Key criteria used in evaluating Funds include

liquidity, tracking error, premium and discount spreads, costs, track record, and tax liability. Once selected, the performance of a Fund is generally monitored on a monthly basis, as described above.

### *Securities Option*

Selection of securities within the Securities Option is the responsibility of the Financial Intermediary Firm. The Financial Intermediary Firm is responsible for determining whether any particular option is suitable for use the particular Client based on its investment guidelines.

### *Approved Alts*

The Private Funds sponsored by Fortigent generally furnish each investor with the following: monthly statements that include the unaudited net asset value or capital account balance of the investor's interest in the Private Fund and the monthly and year-to-date performance, as applicable; quarterly letters discussing the results of the Private Fund for the fiscal quarter just ended; annual audited financial statement of the Private Fund; and Schedule K-1. The performance of underlying Private Fund managers is generally monitored on a monthly basis, as described above. Factors that may trigger additional review include changes in an underlying Private Fund's performance or advisory fees, as well as political and economic events.

While Fortigent provides Financial Intermediary Firms with recommendations, the Financial Intermediary Firm is responsible for determining whether any particular option is suitable for use for a particular Client based on its investment guidelines.

### Related Managers

Fortigent's other indirect owner, Affiliated Managers Group, Inc. (NYSE: AMG), is a publicly traded asset management company with equity investments in a diverse group of boutique investment management firms ("AMG Affiliates"), including Fortigent. As a result of AMG's ownership interest in the AMG affiliates, the AMG affiliates are viewed as "related persons" of Fortigent for purposes of Form ADV. Each of the AMG Affiliates, including Fortigent, is operated autonomously and independently. Fortigent does not have any business dealings with these AMG Affiliates and does not conduct any joint operations with them. Moreover, the AMG Affiliates do not formulate advice for Fortigent's Clients. As such, AMG's ownership interest in Fortigent does not, in Fortigent's view, present any potential conflict of interest for Fortigent with respect to our Clients. More information regarding AMG, including its public filings and a list of all AMG Affiliates, is available at [www.amg.com](http://www.amg.com).

As part of Fortigent's business, Fortigent recommends the Research Providers advised or sub-advised by third party by AMG Affiliates. While Fortigent may recommend the Funds/strategies advised or sub-advised by AMG Affiliates, there is no incentive for Fortigent to do so and no additional compensation paid to or received by Fortigent as a result of these recommendations, beyond any normal and customary fees pursuant to investment advisory, servicing, or other agreements that Fortigent may enter into with third parties.



Additional information regarding AMG and other affiliates is provided in Fortigent's Form ADV Part 2A.

### Performance Based Fees and Side-by-Side Management

The Company does not charge any performance fees. Some investment advisers experience conflicts of interest in connection with the side-by-side management of accounts with different fee structures. However, these conflicts of interest are not applicable to Fortigent.

### Methods of Analysis, Investment Strategy, and Risk of Loss

#### *General Investment Risks*

All investing involves a risk of loss and the Program offered by Fortigent could lose money over short or even long periods. Performance could be negatively impacted by a number of different market risks, including, but not limited to, that the portfolio management techniques used by Fortigent may not produce the desired results. This could cause accounts to decline in value. In addition, Fortigent may rely on information that turns out to be wrong. Fortigent selects investments based, in part, on information provided by issuers to regulators or made directly available to Fortigent by the issuers or other sources. Fortigent is not always able to confirm the completeness or accuracy of such information, and in some cases, complete and accurate information is not available. Incorrect or incomplete information increases risk and may result in losses.

Fortigent seeks Research Providers and Funds with a variety of investment strategies in an effort to make a wide range of investment strategies available to Financial Intermediary Firms and Clients. Some strategies may be high-risk strategies. Such strategies usually have the potential for substantial returns; however, there are correspondingly significant risks involved in the strategies and they are not intended for all types of clients. Clients who choose to follow high-risk strategies should be aware that there is the possibility of significant losses up to and including the possibility of the loss of all assets placed in the strategies. It is strongly recommended that Clients diversify their investments and do not place all of their investments in high-risk investment strategies.

Fortigent also may receive material nonpublic information about an issuer that prevents it from trading securities of that issuer for a Client when the Client could make a profit or avoid a loss.

#### *Potential Risks Investing with Research Providers*

Fortigent may, from time to time, replace existing Research Providers or hire others and cannot guarantee the continued availability of models utilizing particular Research Providers. In managing the model, certain Research Providers may pursue an investment strategy that utilizes underlying mutual funds or ETFs advised by the model or its affiliate(s) ("Proprietary Funds"). In such situations, the Research Provider or its affiliate(s) may receive fees from the Proprietary Funds for serving as investment advisers or other service providers to the Proprietary Fund (as detailed in the Proprietary Fund's prospectus). These fees will be in addition to the management fees that a Research Provider receives for its ongoing management of the models and create a financial incentive for the Research Provider to utilize Proprietary Funds. Clients should discuss

any questions with or request further information from their Financial Intermediary Firm concerning the use of Proprietary Funds in models or the conflict of interest this creates.

### *Potential Risks of Investing with Funds, Equities, and Bonds*

*Stock Market Risk* – The Funds that invest in equity securities are subject to stock market risk. Stock market risk is the possibility that stock prices overall will decline over short or extended periods. Markets tend to move in cycles, with periods of rising prices and periods of falling prices.

Investing in small and medium-sized companies involves greater risk than is customarily associated with more established companies. Stocks of such companies may be subject to more volatility in price than larger company securities.

*Foreign Securities Risk* – Foreign securities are subject to the same market risks as U.S. securities, such as general economic conditions and company and industry prospects. However, foreign securities involve the additional risk of loss due to political, economic, legal, regulatory, and operational uncertainties; differing accounting and financial reporting standards; limited availability of information; currency conversion; and pricing factors affecting investment in the securities of foreign businesses or governments.

*Interest Rate Risk* – Bonds also experience market risk as a result of changes in interest rates. The general rule is that if interest rates rise, bond prices will fall and so will the mutual fund's and ETF's share price. The reverse is also true: if interest rates fall, bond prices will generally rise.

A bond with a longer maturity (or a bond fund with a longer average maturity) will typically fluctuate more in price than a shorter term bond. Because of their very short-term nature, money market instruments carry less interest rate risk.

*Credit Risk* – Bonds and bond mutual funds and ETFs are also exposed to credit risk, which is the possibility that the issuer of a bond will default on its obligation to pay interest and/or principal. U.S. Treasury securities, which are backed by the full faith and credit of the U.S. Government, have limited credit risk, while securities issued or guaranteed by U.S. Government agencies or government-sponsored enterprises that are not backed by the full faith and credit of the U.S. Government may be subject to varying degrees of credit risk. Corporate bonds rated BBB or above by Standard & Poor's are generally considered to carry moderate credit risk. Corporate bonds rated lower than BBB are considered to have significant credit risk. Of course, bonds with lower credit ratings generally pay a higher level of income to investors.

*Liquidity Risk* – Liquidity risk exists when a particular security is difficult to trade. A mutual fund's or an ETF's investment in illiquid securities may reduce the returns of the mutual fund because the mutual fund or ETF may not be able to sell the assets at the time desired for an acceptable price, or might not be able to sell the assets at all.

*Call Risk* – Many fixed-income securities have a provision allowing the issuer to repay the debt early, otherwise known as a "call feature." Issuers often exercise this right when interest rates are low. Accordingly, holders of such callable securities may not benefit fully from the increase in

value that other fixed-income securities experience when rates decline. Furthermore, after a callable security is repaid early, a mutual fund or ETF would reinvest the proceeds of the payoff at current interest rates, which would likely be lower than those paid on the security that was called.

*Objective/Style Risk* – All of the mutual funds and ETFs are subject, in varying degrees, to objective/style risk, which is the possibility that returns from a specific type of security in which a mutual fund invests will trail the returns of the overall market.

*U.S. Government Agency Securities Risk* – Securities issued by U.S. Government agencies or government-sponsored entities may not be guaranteed by the U.S. Treasury. If a government-sponsored entity is unable to meet its obligations, the securities of the entity will be adversely impacted.

*Potential Risks of Investing in Private Funds (e.g., Hedge Funds or Managed Futures Funds)*

Private investment funds generally involve various risk factors and liquidity constraints, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each Client for review and consideration. Investing in private investment funds is intended for experienced and sophisticated investors only, investors who are willing to bear the high economic risks of the investment. Investors should carefully review and consider potential risks before investing. Certain of these risks may include loss of all or a substantial portion of the investment due to leveraging, short selling, or other speculative practices; lack of liquidity because of redemption terms and conditions and the fact that there may not and will not be a secondary market for the fund; volatility of returns; restrictions on transferring interests in the fund; a potential lack of diversification; higher fees than mutual funds; lack of information regarding valuations and pricing; and adviser risk. Each prospective Client investor will be required to complete a subscription agreement with the private investment fund itself, pursuant to which the Client investor shall establish that he/she/it is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment. Private investment funds have liquidity risk, and investors may not be able to redeem their investment per the offering document's disclosures.

Voting Client Securities

***ACCESS OVERLAY™ Program***

The Overlay Manager is responsible for voting proxies for **ACCESS OVERLAY™** Program Clients. With regard to all matters (other than proxies) for which shareholder action is required or solicited with respect to securities beneficially held in the **ACCESS OVERLAY™** Program Clients' accounts, such as (i) all matters relating to class actions, including without limitation, matters relating to opting in or opting out of a class and approval of class settlements, and (ii) bankruptcies or reorganizations, Fortigent affirmatively disclaims responsibility for electing/voting (by proxies or otherwise) on such matters and will not take any action with regard to such matters. Upon written request, Clients can also take responsibility for voting their own proxies or can give the Overlay Manager instructions about how to vote their respective shares.

### *Fund and Securities Options*

Clients are responsible for voting proxies with respect to Funds, individual equities, and fixed-income securities within the Program. With regard to all matters (other than proxies) for which shareholder action is required or solicited with respect to securities beneficially held in these Program accounts, such as (i) all matters relating to class actions, including without limitation, matters relating to opting in or opting out of a class and approval of class settlements, and (ii) bankruptcies or reorganizations, Fortigent affirmatively disclaims responsibility for electing/voting (by proxies or otherwise) on such matters and will not take any action with regard to such matters.

### *Alts Option*

Alts are primarily invested in alternative investments that typically do not issue proxies.

## **Item 7. Client Information Provided to Portfolio Managers**

Personal identification (such as name, address, Social Security number, date of birth, assets, and income), account, and holdings data disclosed to Fortigent are provided by the Financial Intermediary Firms and custodians to enable us to service client accounts. Fortigent only shares Client information and account data pursuant to its established Privacy Policy and does not sell personally identifiable information about current or former Clients to third parties. In providing services to Clients, Fortigent may use third-party service providers, who are contractually bound to respect and protect the privacy of Client information.

Fortigent also receives information about a Client's stated investment guidelines from the Financial Intermediary Firm.

When utilizing the **ACCESS OVERLAY™** Program, Fortigent will forward information to the Overlay Manager in order for the Overlay Manager to effectively transact the Client's account. Overlay Managers are not provided with Client-specific information, except for the brokerage account number, account size, and information about the Client's Financial Intermediary Firm. Research Providers are provided with Client information regarding accounts assets in order to calculate fees due to the Research Provider.

## **Item 8. Client Contact with Portfolio Managers**

For more general questions about an account, Clients are encouraged to direct these questions to their Financial Intermediary Firm, including questions on (i) the appropriateness of the Program for the Client; (ii) the selection of Fortigent's Program; (iii) the designation of the appropriate investment guidelines for the account assets; (iv) the merits and risks of any investment style, strategy, or technique, including those of Fortigent; (v) the suitability of any Research Provider, Fund, Private Fund, individual equity, or fixed-income security; and (vi) the ongoing suitability of Fortigent and its investment style.

## **Item 9. Additional Information**

### Disciplinary Information

Fortigent and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the Company or its personnel.

### Other Financial Industry Activities and Affiliations

For information regarding additional services offered by Fortigent, LLC, please see Fortigent's Form ADV Part 2, which is available upon request or at [www.sec.gov](http://www.sec.gov).

### Participation or Interest in Client Transactions

The Fortigent does not act as principal, either buying securities for itself or its affiliates from a Client or selling securities it or its affiliates own to a Client. However, in the event that the Fortigent decides to engage in any such principal transaction in the future, it will comply with the requirements of Section 206(3) of the Advisers Act by (i) disclosing to the Client in writing the material terms of the transaction, and (ii) obtaining the written consent of the Client for such transaction. Fortigent will include in such disclosure (i) its capacity as principal; (ii) the cost to Fortigent of the security, in the case of a sale to a Client, or the price of the security in a resale, in the case of a purchase from a Client; and (iii) the best price at which the transaction could be effected by or for the client elsewhere if such price is more advantageous to the Client than the purchase or sale with the Fortigent.

### Code of Ethics and Personal Trading

To mitigate any potential conflicts of interest involving personal trades, Fortigent has adopted a Code of Ethics ("COE") that includes personal trade reporting and insider trading policies and procedures. Fortigent's COE requires, among other things, that employees

- act with integrity, competence, diligence, and respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;
- place the integrity of the investment profession, the interests of Clients, and the interests of Fortigent above their own personal interests;
- disclose conflicts of interest;
- conduct all personal securities transactions in a manner consistent with Fortigent's COE;
- use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- practice and encourage others to practice in a professional and ethical manner that will reflect favorably on them and their profession;

- promote the integrity of, and uphold the rules governing, capital markets;
- maintain and improve their professional competence and strive to maintain and improve the competence of other investment professionals; and
- comply with the applicable provisions of the federal securities laws.

Fortigent's COE also requires employees to (i) report personal securities transactions on at least a quarterly basis, and (ii) provide Fortigent with a detailed summary of certain holdings and securities accounts (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest.

A copy of Fortigent's COE is available to any Client or investor or prospective client or investor upon request by contacting Katherine Ring, Fortigent's Chief Compliance Officer, at (301) 816-1200.

Some of the officers of Fortigent are investors and partners or members in private investment partnerships, limited liability companies, or corporations that invest in securities or private equity opportunities. Fortigent does not act as an adviser, sponsor, or placement agent for these private investment partnerships or companies. Certain investors in the Private Funds may co-invest with the Fortigent officers; however, all investment activity operates beyond the scope of Fortigent's activities.

#### Gifts and Business Entertainment

Fortigent has put policies and procedures in place regarding its employees giving or receiving gifts and business entertainment to help mitigate the potential for conflicts of interest surrounding these practices. Fortigent monitors any potential conflict of interest in individual instances of gifts or entertainment, as well as patterns over time, to ensure that the interests of Fortigent and its employees are not placed ahead of the interests of its Clients and investors.

#### Charitable Contributions

From time to time, Fortigent may donate to charitable enterprises that are Clients, are supported by Clients, and/or are supported by an individual employed by one of Fortigent's Clients. In general, those donations are made in response to requests from Clients or their personnel. Members of Fortigent's management team approve charitable contributions. Management may take into consideration the importance of the Client relationship as one factor in determining whether to approve a charitable contribution.

#### Political Contributions

Fortigent prohibits its employees from making political contributions on behalf of the Company, from being reimbursed for personal political contributions, or from making political contributions for the purpose of securing or retaining business. Political contributions are permitted only in compliance with the SEC's rule prohibiting pay-to-play activities adopted under Rule 206(4)-5 of the Investment Advisers Act.



### Review of Accounts

**ACCESS OVERLAY™** Program, Fixed Income Overlay Option, Fund Option, and Securities Option Clients receive statements from the custodian at least quarterly that provide a detailed list of holdings with valuations and account activity, as well as confirmations of all securities transactions, through a clearing firm. In addition, the Financial Intermediary Firm is responsible for providing Fortigent with prepared reports of the holdings, transactions, and performance from the previous quarter of the Program account for all Program Clients. Clients invested in the Alts Option should receive annual audited financial statements from the Private Funds.

Financial Intermediary Firms should contact Clients on an annual basis to determine if there have been any changes to the Clients' financial situation and stated investment objectives, or if the Clients wish to update their Investment Guidelines.

The Financial Intermediary Firm is responsible for informing the Client of the specific Program Fees to be paid by the Client with respect the Program.

### Client Referrals and Other Compensation

Fortigent does not currently participate in any Client referral program.