

**Item 1 – Cover Page**

**Forta Financial Group, Inc.**

CRD Number 28784

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**December 23, 2020**

This Brochure provides information about the qualifications and business practices of Forta Financial Group, Inc. ("Forta"). Forta also conducts advisory services under its DBA Presidential Wealth Management. If you have any questions about the contents of this Brochure, please contact us at 800-230-1288 or [acampen@PresidentialWM.com](mailto:acampen@PresidentialWM.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Forta is a registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

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

## **Item 2 – Material Changes**

The following material changes was made to this brochure since the last update on December, 2019:

Forta Financial Group, Inc., does not have any Material Changes to report.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Tony Campen, Chief Compliance Officer, or at [www.PresidentialWM.com](http://www.PresidentialWM.com), also free of charge.

Additional information about Forta is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Forta who are registered, or are required to be registered, as investment adviser representatives of Forta.

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#### **Item 4 – Advisory Business**

Forta is full-service Investment Adviser that provides individualized products, services and advice which range from mutual fund wrap programs to multi-manager separately managed accounts. In addition to its investment advisory business Forta is a FINRA registered Broker/Dealer and licensed insurance agency. These non-advisory activities involve approximately 75 percent of the firm’s professional staff’s time. Forta has been in business since 1991 and its principal owner is Financial Gravity Companies, In, a publicly traded company under the ticker symbol FGCO..

As of 9/30/2020 Forta’s assets under management were \$171.5 million of which \$ 58.5 Million were managed on a discretionary basis and \$112.9 million were non-discretionary assets.

#### **Advisory Products and Services Offered:**

Forta, through its advisory representatives, offers a variety of investment advisory products and services as described below. Forta offers several wrap programs made available to Forta and its clients by Forta’s primary clearing firm Wells Fargo Clearing Services, LLC (“WFCS”) and Wells Fargo Advisors, LLC (“WFA”). WFCS is a non-bank affiliate of WFA and also provides custodial and execution services for accounts participating in the advisory programs it makes available to Forta and its clients. Forta may also refer its customers to third-party money managers through solicitation arrangements described later in this brochure.

#### **Wrap Fee Programs Sponsored by Forta:**

Forta Sponsors the following wrap fee programs available through WFCS:

- Asset Advisor
- Private Investment Management

Comprehensive information regarding each of the Forta Sponsored Wrap Fee Programs, including the specific management style, program minimums and other costs/expenses associated with each program, is attached as Appendix 1 – Wrap Fee Program Brochure – when applicable.

#### **Investment Advisory Programs available through WFCS/WFA**

The programs available from Forta through WFCS and WFA include Custom Choice; Personalized Unified Managed Account (“Personalized UMA”) Single strategies including Allocation Advisors, FundSource, Masters Investment Consulting (“Masters”), and Private Advisor Network (“Network”), and; a Personalized UMA Multi-Strategy. With the exception of Network, these programs are “wrap fee” programs sponsored by Wells Fargo Advisors whereby Clients pay a single fee to cover all advisory services, clearing and execution. Clients participating in any of these programs will be provided with separate disclosure brochures that are specific to the individual programs and managers if applicable. Clients should carefully review these brochures and program contracts for additional information about each specific program before selecting from among them.

### **Custom Choice**

Custom Choice is a non-discretionary mutual fund wrap program that allows a client and their Forta advisory representative to construct their own asset allocation from a broad universe of over 3600 institutional share class, no-load and load-waived mutual funds. This program helps clients maintain their strategic asset allocation by offering optional auto-rebalancing. For more information on this program and more detailed disclosures please refer to the Custom Choice disclosure document.

### **Programs available under the Personalized UMA Single Strategies Program**

#### **Allocation Advisor Strategy**

The Allocation Advisor Program offers fully allocated discretionary portfolios that represent a way to implement your asset allocation, utilizing either strategic (10-15 years), cyclical (3-5 years), or tactical (3-12 months) asset allocation. The program presents a unique exchange-traded funds (ETFs) selection and monitoring service designed to help investors work towards their financial goals. For more information on this program and more detailed disclosures please refer to the WFA Wrap Fee Brochure for Separately Managed Account Programs.

#### **FundSource Strategy**

FundSource is a discretionary mutual fund wrap program providing clients with access to over 25 Optimal Blend fund portfolios actively managed by the Manager Strategy Group at WFA. The portfolios are constructed of load-waived, no-load and institutional share class mutual funds. Clients, along with their Forta advisory representative, can also create a tailored allocation for the client's specific needs using these mutual funds in Customized Blends within FundSource. While Customized Blends are built by advisory representatives and clients, the funds are also monitored by WFCS's Manager Strategy Group. Both Optimal and Customized Blends offer automatic fund replacement as well as auto-rebalancing.

In addition to the Optimal Blend and Customized Blend portfolios, there are an additional 9 portfolios available through FundSource Foundations at a lower entry level for smaller accounts. For more information on this program and more detailed disclosures please refer to the FundSource disclosure document.

#### **Masters Strategy**

Masters is a discretionary advisory program designed to assist Forta advisory representatives and clients in identifying professional investment managers who can not only help a client meet their specific investment goals, but also keep their tolerance for risk in mind. A Masters client has access to more than 150 of the nation's top professional institutional investment managers at pre-negotiated entry levels and fee schedules. For more information on this program and more detailed disclosures please refer to the WFA Wrap Fee Brochure for Separately Managed Account Programs

#### **Network Strategy**

The mission of the Network program is to assist clients in identifying professional money managers who can help meet the specific investment goals, risk tolerance and objectives of each client. Each Network portfolio is professionally managed on a discretionary basis, in a separate account (individual stock and bond holdings) where the client pays Forta either a fee-in-lieu of commission or commission (on a negotiated commission rate) that covers a package of services: transaction charges, consulting services, and compensation to Forta for the value-added service that they provide the client. The third-party

manager will charge an asset-based fee under a separately executed contract. Keep in mind that fee-based accounts are not designed for either excessively traded or inactive accounts and may not be suitable for all investors. During periods of lower trading activity, fees may be lower in this program if the investor selects to open a commission-based account. For more information on this program and more detailed disclosures please refer to the WFA Wrap Fee Brochure for Separately Managed Account Programs.

### **Personalized UMA Multi-Strategy Program**

Personalized UMA Multi-Strategy Program is a discretionary advisory program that offers separately managed portfolios featuring asset allocation, diversification and risk-based portfolio management to investors. WFA's Manager Strategy Group evaluates a broad range of asset classes and investment styles and identifies classes or styles that perform differently under varying market conditions. From these, the Manager Strategy Group uses quantitative and qualitative measures to select what it perceives to be "best of breed" investment managers for the Personalized UMA Multi-Strategy program. Focusing both on the merits of the individual investment managers and on how the various investment managers on advisory roster complement one another, Forta has developed what it believes to be a continuum of diversified strategies for investors, based on specific risk tolerances and financial situations, called Optimal Blends. Clients can select one of the Optimal Blends or, working with their advisory representative, construct their own strategy using a roster of approved investment managers. For more information on this program and more detailed disclosures please refer to the WFA Wrap Fee Brochure for Separately Managed Account Programs.

**Program Termination** – Program services described above may be terminated upon notice. Upon receipt of notice to terminate its Client Agreement with any of Forta's investment advisory programs, and unless specific transfer instructions are received, Forta and its agent will, in as orderly and efficient manner as deemed possible, proceed with liquidation of the Client's account. There will not be a charge by Forta for such redemptions. However, the Client should be aware that certain mutual funds impose redemption fees as stated in each company's fund prospectus in certain circumstances. Clients must keep in mind that the decision to liquidate securities or mutual funds may result in tax consequences that should be discussed with the client's tax advisor.

Factors that may affect the orderly and efficient manner would be size and types of issues, liquidity of the markets, and market makers' abilities. Should the necessary securities' markets be unavailable, and trading suspended, efforts to trade will be done as soon as possible following their reopening. Due to the administrative processing time needed to terminate Client's investment advisory service and communicate the instructions to Client's investment advisor, termination orders received from clients are not market orders; it may take several business days under normal market conditions to process a Client's request. During this time, a Client's account is subject to market risk. Forta and its agent are not responsible for market fluctuations of the Client's Account from time of written notice until complete liquidation, although efforts will be made to process the termination in an efficient and timely manner.

### **Other Advisory Services**

#### **Personal Financial Planning Services for Fee**

Forta provides personal financial planning services for a fee in the form of a financial plan encompassing such areas as Estate Planning, Retirement Planning, Investment Planning, and Business Succession planning. Such Plan is prepared from information provided by the client to Forta relating to a client's current financial

picture, personal preferences relating to basic elements such as risk tolerance, and long-term financial objectives. Forta and the client work as a team putting together the information necessary to create a Plan. The quality and value of the completed Plan is dependent upon a client providing complete and accurate information.

The cost of Plan preparation is dependent upon the extent and complexity of the Plan. Typical plans prepared by Forta cost between \$300 and \$2,500; the cost and extent of a Plan is negotiated and agreed upon prior to development of the Plan. These costs are separate from and do not include any costs associated with the implementation of any Financial Plan, whether executed through Forta or elsewhere. The fee will be determined in advance and will be specified on the Financial Planning Agreement. Payment is due upon completion and delivery of the plan. Once the plan is delivered the Client has 5 days to request a refund if not satisfied with the plan.

In providing personal financial planning services there is an inherent conflict between the interests of the investment adviser and the interests of the client. The client is under no obligation to act upon the investment adviser's recommendation and, if the client elects to act on any of the recommendations, the client is under no obligation to effect transactions through the investment advisor.

#### **Sofos Investment Programs - 4 Alpha and 4 Beta**

Forta may refer its clients to Sofos Investments, Inc to participate in their proprietary investment programs. 4 Alpha is a proprietary investment advisory program managed by Sofos' Chief Investment Officer William R. Nelson, PhD. Dr. Nelson developed the 4 Alpha program to help individuals, including himself, avoid the most common investing mistakes such as mistiming the market, overpaying for investment services, and owing too much in taxes.

The 4 Alpha philosophy is based on the concept that your investment returns will be determined by four main factors:

- The investments you own
- The costs you pay
- The taxes you owe
- Your trust in your experts

Which stocks you own obviously impacts how much your investments earn. 4 Alpha focuses investments in dominant companies, loved brands, and great products that are understandable, inspire confidence, and are on the right side of long-term trends.

The long term trends include, but are not limited to, the electrification of vehicles, renewable energy (as opposed to fossil fuel dependence), autonomous vehicles, biotech, genetic engineering, the growing global middle class, the move from a purchase to a service model, the reduction in the importance of location versus other amenities, the increase in e-commerce accompanied by reduction in conventional retail, proliferation of online platforms, increased economies of scale, aging of developed nation populations, healthier eating including veganism, direct contact between micro-producers and clients, and the reduced influence of traditional push marketing.

The 4 Alpha model invests solely in individual stocks that, while actively monitored and managed, are chosen based on the long-term growth prospects. While many of the stocks pay dividends, income is the program's secondary objective.

The 4 Beta Models are comprised of low-cost Exchange-Traded Funds ("ETFs"). The Income 4 Beta model invests in a diversified selection of ETFs whose primary objective is income from both domestic and international sources. The Index 4 Beta model invests in a diversified selection of ETFs that are designed to track various domestic and international indexes. While the Index 4 Beta model will generate income, its primary objective is growth. As with the 4 Alpha model, the 4 Beta models will be actively monitored and managed, but the ETFs were selected based on a long-term strategy. Additionally, the 4 Alpha model may invest in smaller companies believed to have great potential.

The 4 Alpha model may be blended with income-based and/or index-based models 4 Beta models managed by the Advisor to create risk-adjusted portfolios designed to addresses various risk/objective profiles. Branded as Alpha-Beta Fusion, the blended models will be recommended and implemented based on the risk profile and investment objective of the individual investor.

The Advisor strives to manage the different models, whether invested in separately or as a blended model of models, in a tax-efficient manner. This includes a sophisticated rebalancing strategy designed to minimize capital gains. Additional efficiencies may be gained through location optimization which specifies where to allocate certain securities across Qualified (i.e. – IRA, Roth, etc.) and Non-Qualified accounts within the same household. This strategy only applies to households with both Qualified and Non-Qualified accounts investing in the same model or blend.

Depending on the size of the account(s) and/or the model or blend chosen, there may be instances where certain higher-priced securities are not purchased. In these cases, the Advisor may replace the security not purchased with a substitute security to maximize the percentage of assets invested.

It is important to note is that, as proprietary investment advisory programs of an affiliate, the Advisor may benefit financially by recommending these programs over other programs offered that are not managed by the advisor. It is also assumed that any recommendation made by the client's financial consultant will be in the client's best interest and not based on the interests of the Advisor. Sofos Investments is an affiliated Registered Investment Advisor under common control as Mr. Nelson is also a shareholder and control person of Forta.

## **EQIS Capital Management**

Forta may refer its advisory clients to EQIS Capital Management, Inc. ("EQIS"), an SEC-registered Investment Advisor located in San Rafael, California. EQIS has developed, through proprietary technology, a unique advisory platform that allows for fractional equity share allocation in a separately managed account. Until recently, diversification across numerous asset classes and management styles was unattainable or unattractive for most investors because of lower liquidity, lower transparency, higher fees, and larger account minimums (often over a million dollars) which are typically associated with institutional style money management.



While the primary relationship between Forta and EQIS is that of a solicitor, Forta's relationship with investors is in an investment advisor capacity. Forta, through a separately executed investment advisory agreement, provides constant supervisory services for the investor by "managing the managers," reviewing performance and risk, and making recommendations regarding the models as necessary on a non-discretionary basis.

The principal owners of Forta, specifically Gary Nemer, Scott Winters and William Nelson, are also shareholders of EQIS. Additionally, Mr. Nemer is a member of their board of directors.

### **Investment Supervisory Services**

In addition to, and separate from, the programs described above Forta offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. Forta may create a Risk Tolerance Assessment for each client, which outlines the client's current situation (income, tax levels, tax situation, and risk tolerance levels) and then constructs a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Personal investment policy
- Asset allocation
- Asset selection
- Regular portfolio monitoring

Depending on the services provided and investments involved, Forta may utilize custodians other than WFCS or TDA.

### **Selection of Other Managers**

Forta may direct clients to appropriate third-party money manager(s) not associated with the advisory programs described above. Forta will be compensated via a fee share from these advisors to which it directs clients. This relationship will be disclosed in each contract between Forta and the third-party money manager and each client will receive full disclosure of the relationship. The fees shared will not exceed any limit imposed by any regulatory agency. Before selecting other advisors for clients, Forta will always ensure those other advisors are properly licensed or registered as investment advisor(s).

## **Item 5 – Fees and Compensation**

All fees are subject to negotiation.

The specific manner in which fees are charged by Forta is established in a client's written agreement with Forta. Fee Billing may be done monthly or quarterly, and in advance or in arrears. The specific fee billing arrangement will be detailed in the client agreement. Clients may also elect to be billed directly for fees or to authorize Forta to directly debit fees from client accounts. Management fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter or month (with the exception of de minimis contributions and withdrawals). Accounts initiated during a calendar quarter or month will be

charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

Forta's advisory fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment advisors and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in each fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Forta's fee, and Forta shall not receive any portion of these commissions, fees, and costs.

A table of the standard fee schedule for the programs described in this brochure:

Program	First \$250,000		Next \$750,000		Over \$1 million	
	Quarterly fee	Annual fee	Quarterly fee	Annual fee	Quarterly fee	Annual fee
Allocation Advisors	0.5%	2.0%	0.375%	1.5%	0.25%	1.0%
FundSource/Foundations	0.4375%	1.75%	0.375%	1.5%	0.2875%	1.15%
Custom Choice	0.4375%	1.75%	0.375%	1.5%	0.2875%	1.15%
Personalized UMA Multi-Strategy Program	0.75%	3.0%	0.625%	2.5%	0.5%	2.0%
Masters (Equity and Balanced Accounts)	0.75%	3.0%	0.625%	2.5%	0.5%	2.0%
Masters - Fixed Accounts	0.4375%	1.75%	0.3125%	1.25%	0.25%	1.0%
Network (Equity and Balanced Accounts)	0.5%	2.0%	0.375%	1.5%	0.25%	1.0%
Network (Fixed Accounts)	0.25%	1.0%	0.1875%	0.75%	0.125%	0.5%

The fees charged for advisory services will be shared with WFCS for clearing, execution and performance reporting services and, if applicable, with third-party money managers in the case of Masters strategy and Personalized UMA Multi-Strategy Program accounts. In the case of Network strategy accounts, the fees are shared with WFCS, but the third party manager charges their fees under a separate contractual arrangement with the client. The fees received by Forta, after sharing with WFCS and any third-party manager(s), will vary depending on the program and the final negotiated total fee, and may range from 0.5% to 1.65% annually. The splitting of fees is done at no additional cost to the Client.

Generally, fees for the programs in the table above are charged quarterly in advance, based on the assets under management ("AUM") at the end of the prior quarter. Fees will be prorated for partial quarters including inception fees and termination fee refunds. For Network accounts, fee billing by the third-party manager under a separate contract may be done either in advance or in arrears, depending on the manager, as detailed in the separate manager's agreement. Partial contributions and/or withdrawals mid-quarter may be charged /refunded depending on the amount of the fee or refund as detailed in the program agreement.

Fees for Investment Advisory Services other than those programs listed above will have a maximum annual fee of 2.0%. This fee is generally charged monthly, in arrears based on either the average daily balance or on the month end valuation of billable assets. Fees for the selection of other advisors will have a maximum

annual fee of 1.0% and may be charged wither in arrears or in advance, depending on the billing practice of the Third-Party Manager.

The 4 Alpha model and the 4 Beta models are charged an asset-based fee that covers advisory, execution, custodial and certain reporting services. Accounts are billed monthly in arrears based on the average daily balance of program-eligible assets. The fee includes the Advisory fee, which is negotiable, and the Program fee, which is non-negotiable. The maximum annual Advisory Fee is 1.45%. The annual Program fee for the 4 Alpha model is .55% while the Program fee for the 4 Beta models is .35. %. In addition to the annualized asset-based fee Forta charges a monthly technology fee of \$3.50/month per account that is invested in a 4 Alpha or 4 Beta models.

Program fees are discounted based on the amount invested, as noted below (assuming the maximum annual Advisory fee of 1.45% is charged):

Model	First \$250,000	Next \$250,000	Next \$500,000	Over \$1,000,000
4 Alpha Model	2.00000%	1.94500%	1.89550%	1.85095%
4 Beta Equity Index Model	1.80000%	1.76500%	1.73350%	1.70515%
4 Beta Taxable Income Model	1.80000%	1.76500%	1.73350%	1.70515%

Program fees at each investment level represent a 10% discount from the fees charged at the next lower level. This discount is applied at the household level across all accounts participating in these models or blends of models.

You may blend models together to create a Fusion model. The fees charged are pro-rated based on the amount allocated between each model. Below is an example of the fees charged on a Fusion model (assuming a maximum Advisory fee of 1.45%):

- 30% 4 Alpha Model (AE)
- 30% 4 Beta Equity Index Model (BE)
- 40% 4 Beta Taxable Income Model (BT)

Blended Model	First \$250,000	Next \$250,000	Next \$500,000	Over \$1,000,000
30AE/30BE/40BT	1.86000%	1.81900%	1.78210 %	1.74889%

It is important to note that the fee billing percentages in a Fusion model are based on the initial allocation percentages. The fee billing percentages will remain unchanged even in the event that the percentage allocations within your account change due to market fluctuations of the underlying securities. For example, the fees charged will not be increased if the portion of the account managed under the 4 Alpha model increases in value and becomes a larger percentage of the account.

Lower fees for comparable services may be available from other sources.

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

Forta does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client), nor does it offer any programs from third-party advisors that charge customers, or compensate us, based on performance-based fees.

### **Item 7 – Types of Clients**

Forta provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions and trust programs. Minimum dollar amounts are required to establish certain managed accounts as outlined in the table below:

<b>Program</b>	<b>Minimum Initial Investment</b>
Allocation Advisors	\$25,000
FundSource	\$25,000
FundSource Foundations	\$10,000
Custom Choice	\$25,000
Personalized UMA	
Multi-Strategy Program	\$150,000
Masters	\$100,000
Network	\$100,000

Under certain circumstances the minimum may be waived or reduced, including for related accounts that may be combined to meet minimum requirements. Minimums for EQIS and Sofos programs are \$25,000.

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

For those programs where we directly manage the client's assets, we may use various methods to assist us in managing your account, including both long and short term trading when directly managing client asset, either on a client-directed or discretionary basis. The methods and strategies will vary based on the investment advisor representative providing advice. Models and strategies used by one investment advisor representative may be different than strategies used by other investment advisor representatives. Some investment advisor representatives may use just one method or strategy while other investment advisor representatives may rely on multiple. We do not require or mandate a particular investment strategy be implemented by our investment advisor representatives. Further, we have no requirement for using a particular analysis method and our investment advisor representatives are provided flexibility (subject to supervision and compliance requirements) when developing their investment strategies. This section does

not apply to those advisory programs whereby third-party managers or strategies managed by WFA are employed.

Examples of methodologies that our investment strategies may incorporate include:

**Asset Allocation** - Asset Allocation is a broad term used to define the process of selecting a mix of asset classes and the efficient allocation of capital to those assets by matching rates of return to a specified and quantifiable tolerance for risk.

**Technical Analysis** – involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.

**Long Term Purchases** – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

**Short Term Purchases** – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short term price fluctuations.

Our strategies and investments may have unique and significant tax implications. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

**Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indicator of future performance.

**Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Forta or the integrity of Forta's management. Forta has no disclosures that apply.

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

Forta is a FINRA registered broker/dealer and a licensed Insurance Agency. All of Forta's advisory representatives are registered representatives of Forta and may earn sales commissions when effecting securities transactions for clients in that capacity. Most of Forta's advisory representatives are also licensed insurance agents that generate commissions through the sale of insurance products. Commissions generated by both the brokerage and the insurance products may involve clients that are also clients of the Forta in its capacity as an advisor. Also, the firm and its representatives receive compensation from the third party program providers described in Item 4. All of these forms of compensation result in a conflict of interest when these products are offered and sold to clients. When making recommendations of these products and services are made only in the best interest of the client.

Forta also enters into solicitation arrangements with other advisors or money managers to refer Forta's clients to outside programs and third party money managers. Prior to referring any client to a third party advisor Forta verifies that they are properly registered with the appropriate federal and/or state agencies responsible for Investment Advisory licensing and registration including, but not limited to, the California Department of Corporations.

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

On occasion, an advisory representative will make the purchase and/or sale of securities for their own accounts that are also recommended to their clients. Forta has a fiduciary duty to its advisory clients and will always give client trades priority over same-day trades executed for Forta or and/or affiliated persons to ensure that clients receive the best execution.

Forta has adopted a Code of Ethics which states that high ethical standards are essential for the success of Forta and to maintain the confidence of clients serviced by its advisory representatives. Forta's long-term business interests are best served by adherence to the principle that the interests of clients come first. Forta has a duty to act solely for the benefit its clients. Potential conflicts of interest may arise in connection with the personal trading activities of our personnel. Accordingly, Forta has adopted this Code of Ethics containing provisions designed to (1) prevent improper personal trading; (2) identify conflicts of interest; and (3) provide a means to address any actual or potential conflict of interest. Adherence to the Code of Ethics and the related restrictions on personal investing is considered a basic condition of employment by Forta. Clients or potential clients may receive a copy of this Code of Ethics by contacting Forta at 800-230-1288.

### **Item 12 – Brokerage Practices**

As an advisor, Forta requires that its clients that they use the firm's clearing broker-dealer for custodial and brokerage services for wrap accounts offered by WFCS as they are not available through other broker-deals. The fees charged by Forta for its advisory services as well as for execution services as a broker-dealer may be available at a lower cost elsewhere but are not available through Forta.

Occasionally, order errors may occur. When they do, Forta corrects the error in a manner which makes the client whole. Any losses resulting from order errors are absorbed by Forta and/or WFCS.

### **Item 13 – Review of Accounts**

Forta periodically reviews the performance of accounts including those it refers to third party money managers. Accounts managed on a discretionary basis by Forta are reviewed regularly by Investment Advisor Representatives ("IARs") and on a periodic basis by the Chief Compliance Officer based on a sample population for each of the models offered. Advisory clients may also contact Forta with questions at any time.

Third party money managers may supply reports to Forta and to clients referred by Forta as described in the disclosure brochures of the respective money managers. Discretionary accounts managed by Forta will receive statements at least quarterly from the custodians where their accounts are domiciled.

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

Forta's advisory representatives also sell securities and insurance products, in their separate capacities as registered representatives and insurance agents and receive sales commissions for those activities. Some of the advice offered by advisory representatives involve investments in mutual fund products. Load and no-load mutual funds may pay annual distribution charges, sometimes referred to as a 12(b)-1 fee. The advisory representatives may receive a portion of the 12(b)-1 fee from some investment companies in their separate capacities as registered representatives. Clients should be aware that these 12(b)-1 fees come from fund assets, and thus, indirectly from client's assets. The receipt of these fees could represent an incentive for registered representatives to recommend funds with 12(b)-1 fees or higher 12(b)-1 fees over funds with no fees or lower fees, therefore creating a potential conflict of interest. While the advisory representatives of Forta endeavor at all times to put the interest of the clients first as part of their fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of the advisory representatives when making recommendations.

Forta may receive, from time to time, compensation in the form of marketing expense reimbursements from various Mutual fund, UIT, Insurance companies or REITs. These reimbursements may be related to Forta's Advisory business, its activities as an Insurance Agency or as a Broker/Dealer, and are usually a direct result of, and in proportion to, business conducted with the reimbursing company.

Forta also benefits by recommending the programs and services of WFCS and WFA. These firms provide services to Forta which enhance Forta's operations and support structure. For example, these firms may provide software, research, reporting capabilities, fee-billing assistance, compliance notices, account access and order entry services which, if not provided, would have to be obtained elsewhere. Because such services are provided for little or no cost, a conflict of interest exists when Forta recommends these firms to clients for custody and brokerage services.

Solicitation Arrangements - Forta may enter into agreements with Solicitors (Referring Parties) to refer clients to Forta. If a referred client enters into an investment advisory agreement with Forta, a cash referral fee may be paid to the referring party, which is based upon a percentage of the client advisory fees that are generated. Forta will only enter into such arrangements with individuals properly registered as solicitors and follow CCR 260.236(c)(2) requirements. Forta also enters into solicitation arrangements with other advisors or money managers to refer Forta's clients to outside programs. Under these circumstances Forta and/or its advisor representatives may be paid a cash referral fee, which is based upon a percentage of the client advisory fees that are generated. In either circumstance the referral agreements between any referring party and Forta, and vice versa, will not result in any charges to clients in addition to the normal level of advisory fees charged. However, a conflict occurs any time the fees paid to the referrer are greater than fees derived by referring the client to another advisor. Forta's Relationship with WFCS – Forta utilizes WFCS for clearing and custodial services. As a result, Forta may receive income from WFCS as it relates to these clearing and custodial services.

## **Item 15 – Custody**

Forta is deemed to have custody of client assets only to the extent that it can authorize the payment of advisory fees from a client's account.

Clients should receive at least quarterly statements from the qualified custodian that holds and maintains client's investment assets. Forta urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **Item 16 – Investment Discretion**

Depending on the program chosen, Forta or of its representatives may have discretionary authority limited to the trading of securities in a client's account. Other programs require the client to grant trading authority to a third-party manager. Discretionary trading authorization must be granted in writing by the client and will be included in the advisory agreements when applicable.

The standard advisory agreements for FundSource, Masters, Compass and Personalized UMA Multi-Strategy Program **strategies** includes language that grants Forta discretionary authority to change managers or funds. However, Forta does not utilize this discretionary authority except when granted under a separate written authorization.

### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, Forta does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios.

### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Forta's financial condition. Forta has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding. Additionally, Forta does not solicit the prepayment of more than \$500 in fees per client, more than six months or more in advance.



## **FORTA FINANCIAL GROUP, INC.**

### **PRIVACY STATEMENT**

The Securities and Exchange Commission has implemented Regulation S-P, which relates to the privacy of consumer financial information. Regulation S-P and the Gramm-Leach-Bliley Act limit investment companies, broker-dealers and registered investment advisers in their disclosure of consumer's and customer's nonpublic personal information. Regulation S-P also requires that financial institutions provide privacy notices in various instances and to adopt policies and procedures to protect the personal information of its consumers and customers. This statement describes our firm's privacy policy and how we handle your personal information. This policy applies to former, current, and prospective customers.

#### **Forta Financial Group, Inc., is Committed to Protecting Your Privacy**

We respect every individual's right to privacy. We understand the importance you place on the privacy and security of information that personally identifies you or your account information.

#### **Why and How We Collect Personal Information**

We are required by guidelines of our industry, such as New York Stock Exchange Rule #405, Know Your Customer, to obtain personal information about you for the purpose of providing investment recommendations, evaluating your financial needs, processing your requests and transactions, and providing customer service. The personal information we collect about you includes:

1. Information we receive from you to open an account or provide investment advice to you. This information typically includes your home address, telephone number, and financial information.
2. Information that we access or generate to service your account, such as account statements and securities holdings.
3. Information that we may receive from third parties with respect to your account, such as accounts you may have at other financial institutions or trade confirmations with other brokerage firms.

#### **We Protect the Confidentiality of Your Personal Information in the Following Manner**

1. We do not sell personal information to anyone.
2. We disclose personal information only as required by law or with your permission.
3. We disclose or report personal information in limited circumstances where we believe in good faith that disclosure is required under law, to cooperate with regulators or law enforcement authorities, or to protect our rights or property.
4. We use personal information in ways that are compatible with the purposes for which we originally requested it. For example, we will use the information you give us to process your requests and transactions, to provide you with additional information about products and services, or to evaluate your financial needs. To do so, we may share personal information with an agent or affiliate.
5. We limit the collection and use of personal information to what is necessary to administer our business and to deliver services to you. This may include advising you about our products or services.

#### **When We Share Your Personal Information With Our Affiliates**

In order for us to provide investment recommendations to you, we may disclose your personal information in very limited instances which include:

1. Disclosures to companies as permitted by law, including those necessary to service your account, such as providing account information to our fully disclosed clearing firm and/or and custodians.
2. Disclosures to companies that perform services on our behalf, such as mailings pertaining to products and services.

#### **How We Protect Your Personal Information That We Share With Our Affiliates**

When we share personal information with an agent or affiliate, we protect that information with a confidentiality agreement. Companies that we hire to provide support services or act as our agent must conform to our privacy standards. Our internal policies prohibit employees who have access to our customer's personal information from using or disclosing the information except for the appropriate business use of Presidential Brokerage, Inc. All employees are required to sign a confidentiality agreement that requires them to protect your personal information.

#### **Updating Your Personal Information**

We will give you reasonable access to the information we have about you. Most of this information is contained in account statements that you receive and applications that you submit to obtain our products and services. The accuracy of your personal information is important. We encourage you to review this information and notify us of needed updates and/or changes. Please call us at 800-230-1288.

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