



## FOSTER GROUP

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March 24, 2020

This brochure provides information about the qualifications and business practices of Foster Group, Inc. If you have any questions about the contents of this brochure, please contact us at (515) 226-9000 and [KateJ@fostergrp.com](mailto:KateJ@fostergrp.com). 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. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

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



## ITEM 2. MATERIAL CHANGES SUMMARY

This brochure provides prospective clients with information about Foster Group, Inc. that should be considered before or at the time of obtaining our advisory services.

This brochure is required to be updated annually or sooner when material changes to our business take place. Unless otherwise described below, there have been no material changes since the last annual amendment dated March 27, 2019.

March 24, 2020

- We amended Items 4 and 5 as part of our efforts to rebrand our wealth management services for individual clients. Descriptions on these services and differences between SignatureWealth and CoreWealth are set forth below.
- We amended Item 4 to reflect that we make Flourish Cash accounts available to clients at no cost. Flourish Cash is a service offered by Stone Ridge Securities LLC, a registered broker-dealer and FINRA member. A Flourish Cash account is a brokerage account offered by Stone Ridge Securities LLC. The cash balance in a Flourish Cash account will be swept from the brokerage account to a deposit account at one or more third-party banks that have agreed to accept deposits from customers of Stone Ridge Securities LLC ("Program Banks"). The accounts at Program Banks pay a variable rate of interest, but if higher than your current account's rate on cash or cash equivalents, you may want to consider opening a Flourish Cash account.
- We amended Item 4 to reflect that we entered into an Investment Subadvisory Agreement with Parametric Portfolio Associates LLC ("Parametric"). We may recommend the services of Parametric to manage all or a portion of a client's account pursuant to one or more of their investment strategies.
- We amended Items 4 to reflect that we may offer discretionary management services as part of our Qualified Plan Consulting Services.

By no later than April 30<sup>th</sup> each year, we will deliver to you a free updated brochure that includes or is accompanied by a summary of material changes; or a summary of material changes and an offer to provide a copy of the updated brochure and how to obtain it.



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## ITEM 4. ADVISORY BUSINESS

### Firm Description

Foster Group, Inc. ("Advisor") is an investment Advisor registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940. Advisor has been operating as an investment advisory firm since 1991.

### Principal Owners

Advisor's principal owners are Gerald Ray Foster, Mark Alan Stadtlander, Philip Matthew Kruzan, Reed Roger Rinderknecht, Kent Allen Kramer, Gregory John Olsen, Travis James Rychnovsky, Joseph Clarence Bantz, Bradley Dean Rempe, Ross Benjamin Polking, Jonathan Michael Evans, Bartholomew Allen Banwart, Brenton Lowell Carlson, Marcus Lee Iwig, Kate Patricia Juelfs, Andrew Douglas Farmer, Matthew John Abels and Timothy James Mabee.

### Types of Advisory Services

Advisor provides continuous investment supervisory services, furnishes investment advice through consultations, and furnishes advice to clients on matters not involving securities. We provide investment management services to individuals and institutional clients, as well as qualified plan consulting services. Our services also may include financial planning.

Advisor primarily offers advice on mutual funds and exchange-traded funds ("ETFs"). It may consult on other securities owned by clients, such as variable annuities, although Advisor does not sell these securities.

All clients and entities seeking to begin a financial planning and investment management relationship with Advisor are required to sign an Advisory Agreement. The Advisory Agreement establishes the advisory relationship between Advisor and the client.

More specific information regarding our services is as follows:

## INVESTMENT MANAGEMENT

Advisor's investment advisor representatives meet with each individual or organization to establish the client's short-term and long-range investment goals and objectives. These representatives discuss various model portfolios, including the risk involved and potential return associated with each. Based on these discussions, they formulate a strategy to accomplish the client's objectives.

Advisor bases the investment philosophy on a long-term perspective, taking into consideration asset allocation and diversification among several asset classes. For investment management clients, Advisor assists the client in implementing an investment strategy, monitors results, and reports to the client on a regular basis. Client assets are held in a custodial account by an independent custodian and broker-dealer.



## INDIVIDUAL SERVICES

The Advisor offers two distinct service offerings for individual clients—CoreWealth and SignatureWealth. While the Advisor may recommend an offering for clients, clients remain responsible for determining which offering is best suited for them and the Advisor does not review or monitor the client's selection. Each of these offerings is described further below.

### SignatureWealth

SignatureWealth is the Advisor's full service wealth management offering with personalized portfolio construction and an offering of advanced financial planning in 12 key areas. The Advisor will also coordinate aspects of the client's financial plan although other professionals will be responsible for implementing any plan, unless Advisor or its affiliates agree to do so in writing. As part of SignatureWealth, the Advisor makes the following services available, in addition to personalized portfolio construction:

- Cash flow planning
- Employee benefits review and integration
- Retirement planning strategies
- Charitable giving tools and strategies
- Executive compensation review and analysis
- Closely held business planning
- Education funding tools and strategies
- Insurance review and analysis
- Tax return review
- Estate and transfer planning
- Family education and governance

### CoreWealth

CoreWealth is the Advisor's digitally-led investment advisory offering. This offering is designed for clients and prospective clients with fewer assets, less complex financial situations, and more routine sources of income. Whereas SignatureWealth provides the client with a dedicated CFP® Lead Advisor, clients in CoreWealth primarily receive services through digital means with the support of, and access to, other advisors, including CFP® holders. As part of CoreWealth, the Advisor will make the following services available, in addition to personalized portfolio construction:

- Cash flow planning
- Employee benefits review and integration
- Retirement planning strategies
- Charitable giving tools and strategies
- Education funding tools and strategies
- Insurance review and analysis
- Tax return review
- Estate and transfer planning

Unlike SignatureWealth, clients will not receive ongoing coordination of any plans resulting from Advisor's services and clients will be responsible for implementing any advice rendered.



## INSTITUTIONAL SERVICES

Advisor also provides investment management services to its institutional clients. Advisor's primary role with such clients is to assist in determining a suitable allocation for the client's invested portfolio. Foster Group will focus initially on several key areas which, depending upon the client's situation and request, may include:

- Identification of the organization's goals and objectives
- Analysis of the organization's return needs
- Analysis of the organization's anticipated distribution requirements
- Selection of appropriate model portfolio allocation and portfolio construction methodology
- Implementation and monitoring of portfolio
- Review and communication of results to client boards, committees and/or executives

## QUALIFIED PLAN CONSULTING SERVICES

Foster Group serves as a "fiduciary" as defined in §3(21) of ERISA and will provide investment advice or recommendations as to the management of the assets held in the Client's plan, to plan fiduciaries, plan participants or beneficiaries. Advisor will also monitor the investment options for the investment of a plan's assets, and provide non-discretionary advice regarding the plan's investment options. These services also may include:

- conducting due-diligence review meetings with Clients on an annual basis.
- periodic meetings with the Client to review analysis of investments.
- conducting enrollment, education and periodic plan review meetings with participants as scheduled or requested; and
- assisting Clients in obtaining general information about their account including specific questions such as the status of plan.

Foster Group provides these Qualified Plan Consulting Services as part of an investment sub-advisory agreement with Savant Capital Management.

Foster Group may also be engaged to serve as an "investment manager" as defined in §3(38) of ERISA to manage a qualified plan's assets. Generally, such asset management services consist of managing a retirement plan's assets consistent with the objectives, written guidelines and/or investment objectives set forth in the written investment policy statement accepted and adopted by the client.

## OTHER CONSULTING SERVICES

Upon request, Advisor may provide investment advice and/or financial planning services on a project or one-time basis.



## MISCELLANEOUS

### **Limitation of Financial Planning and Non-Investment Consulting/Implementation Services.**

As discussed above, to the extent requested by the client, Advisor may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither Advisor nor its representative assists clients with the implementation of any financial plan, unless they have agreed to do so in writing. Advisor may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). Neither Advisor, nor any of its representatives, serve as an attorney, accountant (except for two CPA employees-*see* Item 10 below), or insurance agent for any of Advisor's clients. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Advisor. If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. In addition, Advisor does not monitor a client's financial plan, and it is the client's responsibility to revisit the financial plan with Advisor, if desired.

**Client Obligations.** In performing its services, Advisor shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify Advisor if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, and if necessary, revising the Advisor's previous recommendations.

**Use of Sub-Advisor.** From time to time, Advisor may engage the services of other independent investment advisors ("sub-advisors") to provide specialized advisory services. In such cases, it is usually necessary for Advisor to collect certain financial information regarding clients and make that information available to these sub-advisors. Sub-advisors establish their fees that we review and approve. Clients are responsible for the management fees charged by a sub-advisor and any associated expenses incurred with the sub-advisor's management of their account.

**Availability of Flourish Cash.** Flourish Cash accounts are available to clients at no additional cost. Flourish Cash is a service offered by Stone Ridge Securities LLC, a registered broker-dealer and FINRA member. A Flourish Cash account is a brokerage account offered by Stone Ridge Securities LLC. The cash balance in a Flourish Cash account will be swept from the brokerage account to a deposit account at one or more third-party banks that have agreed to accept deposits from customers of Stone Ridge Securities LLC ("Program Banks"). The accounts at Program Banks pay a variable rate of interest, but if higher than your current account's rate on cash or cash equivalents, you may want to consider opening a Flourish Cash account.

**Retirement Rollovers:** No Obligation/Potential Conflict of Interest: A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): i) leave the money in his/her former employer's plan, if permitted, ii) roll over the assets to his/her new employer's plan; if one is available and rollovers are permitted, iii) rollover to an Individual Retirement Account ("IRA"), or iv) cash out the account value (which could, depending upon the client's age,



result in adverse tax consequences). If Advisor recommends that a client roll over their retirement plan assets into an account to be managed by Advisor, such a recommendation creates a conflict of interest if Advisor will earn new (or increase its current) compensation as a result of the rollover. When acting in such capacity, Advisor serves as a fiduciary under the Employee Retirement Income Security Act (ERISA), or the Internal Revenue Code, or both. No client is under any obligation to rollover retirement plan assets to an account managed by Advisor. Advisor's Chief Compliance Officer, Kate Juelfs, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.

**Asset Based Pricing Limitations:** We may recommend that our clients enter into an asset based pricing agreement with the account custodian. Under an asset based pricing arrangement, the amount that a client will pay the custodian for account commission/transaction fees is based upon a percentage (%) of the market value of the account, generally expressed in basis points. One basis point is equal to one one-hundredth of one percent (This differs from transaction-based pricing, which assesses a separate commission/transaction fee against your account for each account transaction. Account investment decisions are driven by security selection and anticipated market conditions and not the amount of transaction fees payable by you to the account custodian. We do not receive any portion of the asset based transaction fees payable by you to the account custodian. We continue to believe that our clients can benefit from an asset based pricing arrangement. You can request at any time to switch from asset based pricing to transactions based pricing. However, there can be no assurance that the volume of transactions will be consistent from year-to-year given changes in market events and security selection. Thus, given the variances in trading volume, any decision by you to switch to transaction based pricing could prove to be economically disadvantageous. ANY QUESTIONS: Our Chief Compliance Officer, Kate Juelfs, remains available to address any questions you may have.

### Assets Under Management

Advisor provides investment advice to clients on a discretionary basis. As of December 31, 2019, Advisor's total regulatory assets under management are as follows:

Discretionary Clients	\$ 2,348,727,503
Non-Discretionary Clients	\$ 0
<b>Total</b>	<b>\$ 2,348,727,503</b>

## ITEM 5. FEES AND COMPENSATION

### Description

Advisor is a *fee-only* investment management firm, charging fees based exclusively on client assets under management. Annual fees can be hourly, fixed and/or a percentage of assets under management. Advisor does not receive any fees that are commission-based (such as sales charges, brokerage commissions or 12b-1 fees from mutual funds) or performance-based. Advisor's standard fee schedule for investment management services are as follows:





### SignatureWealth

SignatureWealth clients are subject to an annual asset-based fee based on the schedule below:

Assets Under Management	Annual Fee
\$0 up to \$1 million	1.00%
Next \$1 million up to \$2 million	0.75%
Next \$2 million up to \$3 million	0.60%
Next \$3 million up to \$5 million	0.50%
Next \$5 million up to \$25 million	0.40%
In excess of \$25 million	0.30%

Advisor divides the annual fee by four and clients are charged each quarter, in advance. Clients are subject to a minimum quarterly fee of \$1,250. In the event a client has less than \$500,000<sup>1</sup> of assets in the SignatureWealth program, they will pay an annual fee percentage greater than 1.00%.

### CoreWealth

CoreWealth clients are subject to an annual asset-based fee based as follows:

Annual Fee
0.85%

Advisor divides the annual fee by four and clients are charged each quarter, in advance. Clients are subject to a minimum quarterly fee of \$300. In the event a client has less than \$141,176<sup>2</sup> of assets in the SignatureWealth program, they will pay an annual fee percentage greater than 0.85%.

## INSTITUTIONAL INVESTMENT MANAGEMENT SERVICES

Assets Under Management	Maximum Annual Fee
\$0 up to \$2 million	0.75%
Next \$2 million up to \$3 million	0.60%
Next \$3 million up to \$5 million	0.50%
Next \$5 million up to \$10 million	0.40%

<sup>1</sup> Figure provided for illustrative purposes. Assumes the client's portfolio does not fluctuate in value.

<sup>2</sup> Figure provided for illustrative purposes. Assumes the client's portfolio does not fluctuate in value.



In excess of \$10 million	.30%
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Advisor's institutional investment advisory fee covers all advisory services for a period of 12 months. Advisor bills fees quarterly, in advance, and fees may be negotiable in certain circumstances.

Advisor typically requires Institutional Investment Management clients to place \$500,000 or more under its management. Advisor may, in its discretion, make exceptions to this requirement.

## QUALIFIED PLAN CONSULTING SERVICES

An investment sub-advisory agreement with Savant Capital Management governs compensation for Qualified Plan Consulting Services where Foster Group does not serve as "investment manager". Savant Capital Management will bill the Plan directly for the fees due. Fees are payable quarterly, in advance, and are calculated as a percentage of the ending asset value from the previous quarter. This fee compensates Foster Group and Savant as a sub-advisor, for all consulting, investment advisory, fiduciary, and participant education services. Foster Group's fee is included in the fee charged by Savant Capital Management under the investment sub-advisory agreement.

The following is the standard fee schedule charged by Savant Capital Management per the Qualified Plan Investment sub-Advisory agreement:

Qualified Plan Assets Under Management Standard Annual Fee	
From \$0 to \$1 million in plan assets *	1.00%
Next \$2 million	0.80%
Next \$7 million	0.60%
In excess of \$10 million	0.50%

Advisor typically requires Institutional Investment Management clients to place \$500,000 or more under its management.

Where Foster Group serves as "investment manager", Foster Group reserves the right to negotiate its fee and its timing of payment with each retirement plan's sponsor or trustee(s), but its fee will generally not exceed 1.0%.

## OTHER CONSULTING SERVICES

Upon request, Advisor may provide investment advice and/or financial planning services on a project or one-time basis. Advisor charges fees for this type of service on an hourly basis, typically at an hourly rate of up to \$250. Fees are payable upon the completion of the



consulting project.

## FEE BILLING

### Investment Management

Our standard form of Client Agreement authorizes Advisor to deduct advisory fees automatically from a client's account on a quarterly basis. Advisor will send the client's custodian a quarterly statement reflecting the fees billed and the custodian will send the client a statement, at least quarterly, reflecting all fees deducted from the account. Clients are responsible for verifying the accuracy of the fee calculation, as client's custodian will not determine whether the fee was properly calculated. Clients will receive monthly reports from their custodians and/or broker/dealers that include confirmation of all securities transactions in their account during that month. Clients should promptly notify Advisor if they fail to receive a quarterly statement from their custodian.

Clients will receive monthly reports from their custodian and/or broker/dealer that include confirmation of all securities transactions in their account during that month.

### Qualified Plan Consulting Services

Savant Capital Management, as the sub-Advisor, is authorized to deduct quarterly advisory fees automatically, from a client's account. The sub-Advisor will send the client's custodian a quarterly statement reflecting the fees billed, and the custodian will send the client a statement, at least quarterly, reflecting all fees deducted from the account. Client is responsible for verifying the accuracy of the fee calculation, as client's custodian will not determine whether the fee was properly calculated. Clients will receive monthly reports from their custodians and/or broker/dealers that include confirmation of all securities transactions in their account during that month. Clients promptly should notify Advisor if they fail to receive a quarterly statement from their custodian.

## OTHER FEES AND EXPENSES.

### Investment Management and Qualified Plan Consulting Services Fees

Foster Group's fee does not include custodial fees, transaction costs or other expenses charged by the client's custodian or broker. Each mutual fund, exchange-traded fund, or investment fund in which the client's assets may be invested charges its own advisory fee and other fees and expenses, which are set forth in the fund's prospectus or offering memorandum.

### Ability to Change, Waive or Reduce fees or Minimum Fees

Advisor, in its sole discretion, may reduce or waive its fee or waive or reduce its aggregate account minimum based upon certain criteria for individual clients (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).



In addition, Advisor reserves the right to change its fees at any time and without notice as it relates to future clients.

## TERMINATION OF ADVISORY AGREEMENT

### Investment Management

Either the client or Advisor may terminate the Investment Advisory Agreement under the following circumstances: 1) by a mutual agreement of both the client and Advisor 2) by either party giving verbal or written notice to the other party specifying the date of termination, with verbal notice being confirmed by written notice within 14 days. Clients who terminate their Agreement will receive a refund of the portion of any fee paid but not yet earned as of the date such notice is received or such later date as may be designated by the client, based on the following formula:

$$\frac{(\text{Days remaining in quarter after termination}) \times (\text{fees paid for the quarter})}{(\text{Total number of days in the quarter})}$$

Less (Any expenses incurred by Advisor, up to and including that date.)

### Qualified Plan Consulting Services

Client may terminate the Investment Advisory Agreement for Qualified Plan Services without penalty: within 90 days of signing the Agreement. Any Advisors' Fees paid by Client will be refunded in full. This Agreement also may be terminated by either Client or the Advisors upon 30 days prior written notice, and Client will receive a refund, within 60 days of the pro-rated portion of any Advisors' Fee paid but not yet earned as of the date such notice is received: less any expenses incurred by the Advisors up to and including such date.

## ITEM 6. PERFORMANCE BASED FEES AND SIDE BY SIDE MANAGEMENT

Advisor does not charge any performance based fees.

## ITEM 7. TYPES OF CLIENTS AND MINIMUM REQUIREMENTS

Advisor generally provides services, which may include investment management and financial planning to individuals, high-net-worth individuals, trusts, estates, corporations and/or business entities. Advisor also provides investment consulting services to pension and profit-sharing plans.

Advisor has certain minimum investable assets thresholds that have been established to allow Advisor to provide the high level of personal services and attention which we believe our clients deserve. These minimums are discussed above in Item 5.



## ITEM 8. METHOD OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### Methods of Analysis

Advisor's method of security analysis is primarily fundamental, although Advisor may employ a wide range of methods to manage portfolios and evaluate investments. Advisor's analysis is based on sources of information from academic research materials, corporate rating services, financial publications, annual reports, prospectuses, and filings with the SEC.

Our investment philosophy is grounded in academic research including Modern Portfolio Theory, which refers to the process of reducing risk in a portfolio through systematic diversification across and within asset classes. Advisor typically adheres to strategic asset class style of investing and, thus, recommends highly structural and passive, asset-class mutual funds and exchange-traded funds. Advisor typically does not recommend individual stocks, bonds or active traditionally managed mutual funds in its asset allocation strategies and portfolio recommendations to clients.

Advisor analyzes mutual funds recommended to clients based on the fund's management style, total operating expenses, portfolio turnover, risk and return metrics investment objective and investment restrictions and limitations. Advisor typically recommends that clients invest in no-load institutional mutual funds advised by Dimensional Fund Advisors (DFA), Vanguard and others that have low operating expenses, low portfolio turnover, below-average capital gains distributions and a fundamental investment objective of investing in a particular asset class. DFA funds generally are available for investment only by clients of registered investment advisors, and all investments are subject to approval of advisor. This means that you may not be able to make additional investments in DFA funds if you terminate your agreement with Advisor, except through another Advisor authorized by DFA. In addition, clients may be able to invest in funds used by or similar to the ones used by Advisor. However, if a client or prospective client determined to do so, they would not receive Advisor's initial and ongoing services.

Advisor believes in diversified asset-class exposure obtained primarily through a diversified mix of low cost mutual funds that represent desired asset classes. Mutual funds and exchange-traded funds recommended by Advisor typically invest in some or all of the following types of securities:

- U.S. Stocks of any market capitalization
- Foreign Stocks, including Emerging Markets
- Investment Grade Fixed Income Securities
- U.S. Government and Government Agency Securities
- Real Estate Investment Trusts (Domestic and Foreign)
- Money market funds

Timing, allocation, and types of investments are determined as part of each client's overall financial plan.



### Principal Investment Strategies

Asset allocation models recommended to clients typically are set forth in the client's Investment Objectives Confirmation. Advisor primarily recommends low cost mutual funds for the reason that mutual funds can provide a diversified portfolio that is designed to and may limit the impact of large fluctuations in values of individual stocks and bonds. Mutual funds do not offer protection from market volatility. At times, different funds may be recommended to improve client portfolios. Upon the request of a client, Advisor may provide a limited review of client assets for which we do not have discretionary authority in the context of the overall plan. Advisor invests for the long-term and does not engage in market timing.

Advisor generally does not recommend individual stocks or bonds, but certain exceptions may be made in cases where the stocks were obtained before becoming a client or are requested by the client. Advisor monitors individual stock exposure in the overall portfolio.

Advisor may give advice and take action with respect to other clients that is different from the advice, timing, and nature of action taken with respect to your account. Advisor determines timing, allocation, and types of investments as part of each client's overall financial plan.

Advisor typically uses long-term investment strategies to implement investment advice given to clients. A long-term purchase strategy generally assumes the financial markets will provide positive returns in the long-term, which may not be the case. There also is a risk that certain segments of the market that a client is invested in will go down over time even if overall financial markets advance. (Purchasing long-term investments may involve an opportunity cost – that of “locking-up” assets that may be better utilized in the short-term for other investments.)

There are many factors that can have a significant effect on financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) which may have a smaller impact over longer periods of times.

### Principal Investment Risks

***Investing in securities involves risk of loss that clients should be prepared to bear.*** Risk refers to the possibility that a client will lose money (both principal and any earnings) or fail to make money on an investment. Advisor cannot guarantee that it will achieve a client's investment objective. Below are some of the more specific risks of investments which Advisor may recommend to clients:

#### 1. Market Risk

The prices of securities held by mutual funds may decline in response to certain events taking place around the world, including those directly involving the companies whose securities are owned by a fund; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency,



interest rate and commodity price fluctuations. Investors should have a long-term perspective and be able to tolerate potentially sharp declines in market value.

## **2. Management Risk**

Advisor's investment approach may fail to produce the intended results. If Advisor's assumptions regarding the performance of a specific asset class or fund are not realized in the expected time frame, the overall performance of the client's portfolio may suffer.

## **3. Equity Risk**

Equity securities tend to be more volatile than other investment choices. The value of an individual mutual fund or ETF can be more volatile than the market as a whole. This volatility affects the value of the client's overall portfolio. Small- and mid-cap companies are subject to additional risks. Smaller companies may experience greater volatility, higher failure rates, more limited markets, product lines, financial resources, and less management experience than larger companies. Smaller companies also may have lower trading volumes, which may disproportionately affect their market price. This can make them fall more in response to selling pressure than is the case with larger companies.

## **4. Fixed Income Risk**

The issuer of a fixed income security may not be able to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation. If a rating agency gives a debt security a lower rating, the value of the debt security will decline because investors will demand a higher rate of return. As nominal interest rates rise, the value of fixed income securities held by a fund is likely to decrease.

## **5. Investment Companies Risk**

A client who invests in open end mutual funds or ETFs, indirectly bears their proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs also are subject to the various risks. An ETF's shares may trade at a market price that is above or below their net asset value. Or trading of an ETF's shares may be halted if: a) the listing exchange's officials deem such action appropriate; b) the shares are de-listed from the exchange; or c) the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. Advisor has no control over the risks taken by the underlying funds in which client invests.

Advisor may use mutual funds and/or exchange traded funds that provide for limited liquidity, such as interval funds that provide redemption on a quarterly basis. These funds may not be sold or transferred immediately or at a time that a client desires. A client may direct Advisor, in writing, not to recommend or purchase these types of funds.



## **6. REIT (Real Estate Investment Trust) Risk**

To the extent that a client invests in REITs, he or she is subject to risks generally associated with investing in real estate, such as: (i) possible declines in the value of real estate, (ii) adverse general and local economic conditions, (iii) possible lack of availability of mortgage funds, (iv) changes in interest rates, and (v) environmental problems. In addition, REITs are subject to certain other risks related specifically to their structure and focus, such as: dependency upon management skills; limited diversification; the risks of locating and managing financing for projects; heavy cash flow dependency; possible default by borrowers; the costs and potential losses of self-liquidation of one or more holdings; the possibility of failing to maintain exemptions from securities registration; and, in many cases, relatively small market capitalization, which may result in less market liquidity and greater price volatility.

## **7. Derivatives Risk**

Funds in a client's portfolio may use derivative instruments. The value of these derivative instruments is based on the value of an underlying asset, currency or index. Investments by a fund in such underlying instruments may involve the risk that the value of the underlying fund's derivatives may rise or fall more rapidly than other investments, and the risk that a fund may lose more than the amount that it invested in the derivative instrument in the first place. Derivative instruments also involve the risk that other parties to the derivative contract may fail to meet their obligations, which could cause losses.

## **8. Foreign Securities Risk**

Some funds may invest in foreign securities. Foreign securities are subject to additional risks not typically associated with investments in domestic securities. These risks may include currency risk, country risks (political, diplomatic, regional conflicts, terrorism, war, social and economic instability, currency devaluations and policies that have the effect of limiting or restricting foreign investment or the movement of assets), different trading practices, less government supervision, less publicly available information, limited trading markets and greater volatility. To the extent that underlying funds invest in issuers located in emerging markets, the risk may be heightened by political changes, changes in taxation, or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.

## **8. Inactivity Risk**

As part of its investment advisory services, Advisor will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including: but not limited to: investment performance, mutual fund manager tenure, style drift, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when Advisor determines that changes to a client's portfolio are neither necessary nor prudent.





## ITEM 9. DISCIPLINARY INFORMATION

Advisor has no material legal or disciplinary events to report.

## ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Advisor's sole business and source of income is providing investment management, financial planning and qualified plan consulting services. Advisor does not take part in any other type of business.

Advisor is not owned or controlled by, or under common control with, any other company. We have no obligation to use a particular broker/dealer, vendor, or investment product.

Advisor is a member of Zero Alpha Group, LLC, a consortium of registered investment Advisors across the U.S. who advocate the Modern Portfolio Theory of investment management. Zero Alpha Group members are geographically diverse, meeting at least biannually to share investment information, strategic and marketing plans and research related to Modern Portfolio Theory and passive investment management techniques. Zero Alpha Group also may negotiate with mutual fund companies and broker-dealers to obtain lower cost investment services on behalf of the members' respective clients.

Foster Group has contracted with Savant Capital, LLC dba Savant Capital Management, a Delaware Corporation and a Registered Investment Advisor, to provide Qualified Plan Investment Advisory Services to Foster's Qualified Plan Consulting Services clients. Savant Capital Management will be retained by the client as a 3(38) Fiduciary (a discretionary advisor under ERISA Section 3(38)) with full authority over investment decisions within the plan including the selection, monitoring, and replacement of investment options. Foster Group will be retained as a Limited Scope 3(21) Fiduciary to the client, recommending the investment advisor, serving in a co-fiduciary capacity, sharing non-discretionary authority over the investment decisions; assisting with the monitoring and maintenance of the investment menu, as well as the education efforts of the Participants, within the scope of ERISA Section 3(21). Fees for this arrangement are governed by the sub-advisory agreement between Foster Group and Savant Capital Management.

Foster Group representative, Bartholomew A. Banwart, CPA, also provides tax and accounting services in his separate individual capacity as a CPA, independent of Foster Group. His tax and accounting services are primarily provided to individuals, some of whom may also be Foster Group clients. The tax and accounting services provided by Mr. Banwart are separate and distinct from Foster Group's advisory services. Foster Group does not receive any compensation from Mr. Banwart relative to his tax and accounting services. No Foster Group client is obligated to use or engage Mr. Banwart for tax or accounting services. His services do not include the authority to sign checks or otherwise disburse funds on any Foster Group advisory client's behalf.



## ITEM 11. CODE OF ETHICS, INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

### Code of Ethics

Advisor has adopted a Code of Ethics pursuant to Rule 204A-1 under the Investment Advisers Act of 1940. The Code of Ethics is based on the principle that our employees owe a fiduciary duty to clients. In complying with this duty, advisory personnel must avoid activities or interests that might interfere with making decisions in the best interests of clients. Under the Code of Ethics, advisory personnel are required to submit quarterly reports of their personal securities transactions to Advisor's Chief Compliance Officer for review. Employees are prohibited from investing in initial public offerings and private placements without prior consent of the Chief Compliance Officer. In addition, each person subject to the Code of Ethics is required to report to the Chief Compliance Officer all violations of the Code of which such person becomes aware. Advisor will provide a copy of its Code of Ethics, free of charge, upon the request of any client.

Employees of Advisor who have obtained the Certified Financial Planner (CFP®) designation are bound by the CFP Board's *Standards of Professional conduct*, which outline ethical and practice standards for CFP professionals. On behalf of Advisor, only our employees with a CFP designation or those that have successfully completed the Series 65 requirements are authorized to give advice to clients.

### Participation or Interest in Client Transactions

Advisor generally does not recommend investments to clients in which Advisor or any of its principals has a financial interest. If any such investment were proposed, the principal would be required to disclose any participation or interest in the transaction to the client and to obtain the advance approval of Advisor's Chief Compliance Officer Kate Juelfs.

### Personal Trading

Advisor employees are subject to the firm's Code of Ethics and must report their personal securities transactions to our Chief Compliance Officer for review on a regular basis to the extent required under the Investment Advisers Act of 1940. From time to time, Advisor employees may purchase mutual funds and other securities for their personal accounts, which are recommended to clients. In such cases, employees will not affect transactions for their personal accounts which will be contrary to recommendations being made to clients, nor will they compete with clients in connection with such transactions. Advisor has adopted an Insider Trading Policy that prohibits its employees from trading on material, non-public information.

Advisor generally does not recommend investments to clients in which Advisor or any of its principals has a financial interest.

## ITEM 12. BROKERAGE PRACTICES

### Recommending Brokerage Firms

Advisor typically recommends that clients establish an account with Charles Schwab & Co. Inc., or TD Ameritrade. Charles Schwab & Co. Inc is an independent FINRA-registered



broker-dealer, member SPIC. Foster Group participates in the institutional advisor program (the “Program”) offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade, Inc., member FINRA/SIPC (“TD Ameritrade”), an unaffiliated SEC-registered broker-dealer and FINRA member. Foster Group is separate and unaffiliated with Schwab and TD Ameritrade. Advisor does not have discretion to select brokers without the client's consent and approval. Schwab and TD Ameritrade offer to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions, and may charge fees and/or commissions for such brokerage services. Advisor currently recommends Schwab and TD Ameritrade based on its determination that they provide low transaction fees, good execution capabilities, financial stability, access to institutional mutual funds, web trading platform and their ability to provide clients' account information in an electronic format acceptable to Advisor. While as a fiduciary, Advisor endeavors to act in the best interest of the client, its recommendation that a client maintain an account at a particular broker dealer may be based, in part, on other benefits that Advisor receives from such broker, in the form of related services, and not solely on the nature, cost or quality of brokerage services, which may create a potential conflict of interest.

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Advisor may receive from Schwab, and /or TD Ameritrade Institutional program (or another broker-dealer/custodian or provider) without cost (and/or at a discount) support services and/or products, certain of which assist the Advisor to better monitor and service client accounts maintained at such institutions. Advisor receives some benefits from TD Ameritrade through its participation in the Program. (Please see the disclosure under Item 14 below.) Included within the support services that may be obtained by Advisor may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products provided by third party vendors used by Advisor in furtherance of its investment advisory business operations. There is no direct link between Advisor's participation in TD Ameritrade's Institutional program and/or Schwab Institutional, and the investment advice it gives to its clients., although Advisor receives economic benefits through working with both. These benefits received by Foster Group, or its associates do not depend on the amount of brokerage transactions directed to Schwab and/or TD Ameritrade.

Foster Group, Inc. (“Advisor”) considers a number of factors in selecting brokers and custodians at which to locate (or recommend location of) its client accounts, including, but not limited to, execution capability, experience and financial stability, reputation, and the quality of services provided. In selecting TD Ameritrade Institutional (“TD Ameritrade”) as the broker and custodian for certain of its current and future client accounts, Advisor takes into consideration its arrangement with TD Ameritrade as to obtaining price



discounts for TD Ameritrade's automatic portfolio rebalancing service for advisors known as "iRebal." Advisor continues to use this software on an ongoing basis for the benefit of all of its client accounts.

The standard iRebal annual license fee applicable to Advisor is \$54,375.00. That fee is subject to specified reductions (and even complete waiver) if specific amounts of client taxable assets are either already on the TD Ameritrade Institutional platform or are committed to be placed on it. Specified taxable client assets either maintained on or committed to the TD Ameritrade Institutional platform will bring fee reductions of up to \$54,375.00 per year for each of as many as three years or more.

The non-taxable assets excluded from the maintenance and commitment levels described above are those that constitute "plan assets" of plans subject to Title 1 of the Employee Retirement Income Security Act of 1974, amended, or of plans as defined in Section 4975 of the Internal Revenue Code (which include IRAs).

If Advisor does not maintain the relevant level of taxable assets on the TD Ameritrade Institutional platform, Advisor may be required to make a penalty fee payment to TD Ameritrade calculated on the basis of the shortfall.

Although Advisor believes that the products and services offered by TD Ameritrade are competitive in the marketplace for similar services offered by other broker-dealers or custodians, the arrangement with TD Ameritrade as to the iRebal service may affect Advisor's independent judgment in selecting or maintaining TD Ameritrade as the broker or custodian for client accounts.

As indicated above, certain support services and/or products that may be received, may assist Advisor in managing and administering client accounts. Others do not directly provide such assistance, but assist Advisor to manage and further develop its business enterprise.

Advisor's clients do not pay more for investment transactions effected and/or assets maintained at *TD Ameritrade, and/or Schwab* as a result of this arrangement. There is no corresponding commitment made by Advisor to *TD Ameritrade: and/or Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**Advisor's Chief Compliance Officer, Kate Juelfs, remains available to address any questions that a client or prospective client may have regarding the above arrangements, and the conflict any such arrangement may create.**

Client's independent broker-dealer will charge each client a commission or fee to execute transactions in the customer's account. The broker-dealer, not Advisor, determines the commission rate and fees charged to clients. While Advisor believes the commissions and fees charged by the broker-dealers that it recommends are competitive, transactions may not always be executed at the lowest available commission rate. Although Advisor routinely requests that clients direct Advisor to execute all transactions through Schwab or TD



Ameritrade, clients may direct the use of another qualified custodian and broker-dealer. Brokers selected at the discretion of the client may limit Advisor's ability to obtain the best price and execution, and the client will incur trade away fees when trades are placed away from client's custodian.

### Best Execution

As a fiduciary, Advisor has an obligation to obtain best execution of advisory clients' transactions under the circumstances of the particular transaction. Advisor seeks to execute client transactions in such a manner that the client's total cost or proceeds in each transaction are the most favorable under the circumstances. Advisor has evaluated the full range of brokerage services offered by Schwab and TD Ameritrade and considers both to have competitively priced services and reliable execution capabilities compared to other comparable brokers. If client establishes a brokerage/custodial account with Schwab or TD Ameritrade, then Advisor will place all orders pursuant to its investment determinations on behalf of client's portfolio through either custodian, even though client potentially could obtain a more favorable net price and execution from another broker-dealer in particular transactions or from a discount broker in general. While we believe Schwab and TD Ameritrade's transaction rates to be competitive, transactions may not always be executed at the lowest available commission rate.

### Soft Dollars

Advisor does not enter into so-called "soft dollar arrangements" where an Advisor directs client commissions to a broker-dealer that provides research and brokerage services to the Advisor.

Schwab and TD Ameritrade offer institutional trading platforms to advisors. Advisor receives certain benefits from Schwab and TD Ameritrade, including electronic receipt of duplicate client confirmations and statements; ability to have investment advisory fees deducted directly from client accounts; access to an electronic communication network for client order entry and account information; and discounts on services offered by the broker-dealer and its affiliates.

### Order Aggregation

At this time, Advisor does not aggregate or block trades on behalf of its clients.

## ITEM 13. REVIEW OF ACCOUNTS

If Advisor prepares a written financial plan for a client, the plan is reviewed periodically as agreed upon with the client. Typically, financial plans are reviewed at least annually. Reviews may be conducted by any licensed employee of the Advisor.

Advisor reviews investment management accounts at least quarterly. More frequent reviews may be provided upon request by a client or in the event of unusual market activity.



At least annually, Advisor will attempt to contact each client to determine whether there have been any changes in the client's financial situation or investment objectives. At this time, Advisor also will attempt to determine whether the client wishes to impose reasonable restrictions on the management of the account or modify an existing restriction. Clients will be notified quarterly in writing that Advisor should be contacted if there have been any changes in the client's financial situation or the way in which the client's portfolio should be managed. Investment advisor representatives, who are knowledgeable about its management style, are available at Advisor's office or by telephone on a reasonable basis to meet with the client at the client's request.

Advisor typically provides individual clients with a written financial plan that may include asset allocation recommendations, net worth statement, charitable giving strategies, estate planning information, or information regarding cash flow management, current market values, rates of return and portfolio allocation.

Advisor typically provides investment management clients with quarterly reports that may include portfolio holdings and their current market values, rates of return, and portfolio allocation. Advisor remains available to meet at least annually with Qualified Plan Consulting Service clients to review an analysis of investments, as well as conduct due-diligence meetings. Advisor, also may conduct periodic education and plan review meetings with plan participants as scheduled or requested.

Advisor occasionally provides clients with newsletters and commentary containing general discussions of current market conditions or educational interviews.

## ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

### Incoming Referrals

Schwab Advisor Network®: Advisor receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through Foster Group's participation in Schwab Advisor Network® ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with Advisor. Schwab does not supervise Advisor and has no responsibility for Foster Group's management of clients' portfolios or Advisor's other advice or services. Advisor pays Schwab fees to receive client referrals through the Service. Advisor's participation in the Service may raise potential conflicts of interest described below.

Advisor pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Advisor is a percentage of the fees the client owes to Foster Group or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. Advisor pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to Advisor quarterly and may be increased, decreased or



waived by Schwab from time to time. The Participation Fee is paid by Foster Group and not by the client. Advisor has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs Advisor charges clients with similar portfolios who were not referred through the Service.

Foster Group generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Advisor generally would pay in a single year. Thus, Advisor will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of Advisor's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, Advisor will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit Foster Group's fees directly from the accounts.

For accounts of Advisor's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from Foster Group's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, Advisor may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. Nevertheless, Advisor acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for Advisor's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

Advisor may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, Advisor may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with Advisor and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to



independent investment advisors. TD Ameritrade does not supervise Advisor and has no responsibility for Advisor's management of client portfolios or Advisor's other advice or services. Advisor pays TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to Advisor ("Solicitation Fee"). Advisor will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by Advisor from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired Advisor on the recommendation of such referred client. Advisor will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Advisor's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to place their assets in custody at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, Advisor may have an incentive to recommend to clients that the assets under management by Advisor be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, Advisor has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Advisor's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

**Advisor's Chief Compliance Officer, Kate Juelfs, remains available to address any questions that a client or prospective client may have regarding the Service and any corresponding perceived conflict of interest such arrangement may create.**

Advisor has entered into sponsorship arrangements with several medical associations and/or organizations (the "Association"). In return for the payment of an annual sponsorship fee to the Association, Advisor receives access to the physician members of the Association, including the ability to present educational programs and/or seminars to Association members; place advertisements in the Association journal and/or membership directory; write articles for the Association newsletter; and distribute promotional materials and/or mailings to Association members. No Association member is obligated to engage Advisor to provide advisory services. In the event that a member does engage Advisor, the terms and conditions of the engagement shall be set forth in a written agreement between Advisor and the physician. In the event that a member does engage Advisor, Advisor will not remit any portion of the fees received from the member engagement to the Association. The only remuneration to the Association is the annual sponsorship fee. The payment of the sponsorship fee is not contingent upon Advisor's success in obtaining member engagements.





Nevertheless, as result of the payment of the annual sponsorship fee to the Association, the potential for a **conflict of interest** arises since the prospective engagement of Advisor by Association members could encourage Advisor to make future and/or renewal annual sponsorship payments to the Association.

**Advisor's Chief Compliance Officer, Kate Juelfs, remains available to address any questions that an Association member may have regarding the sponsorship arrangement.**

As disclosed under Item 12. above, Advisor participates in TD Ameritrade's institutional customer program, and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to its Clients although Advisor receives economic benefits through its participation in the program that typically are not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors. TD Ameritrade also may have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. TD Ameritrade made other services available to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. However, clients should be aware, that the receipt of economic benefits by Advisor or its related persons, in and of itself, creates a potential conflict of interest and may indirectly influence Advisor's choice of TD Ameritrade for custody and brokerage services.

#### **Referrals of Other Professionals**

Advisor emphasizes a "team approach" when providing investment advisory services to its clients. If requested by a client, or if Advisor believes legal or accounting services are required and in the best interests of a client's financial plan, Advisor will recommend an independent attorney or accountant. Advisor does not pay for client referrals or enter into arrangements with other professionals for client referrals. However, Advisor may have a



conflict of interest in making these recommendations, because it may receive referrals from professionals that it has recommended to clients. Advisor will refer other professionals to its clients only when the services provided by the professional best suit the clients' needs.

#### Other Compensation

Advisor does not receive sales charges, commissions, service fees, 12b-1 fees or other compensation from a non-client in connection with providing investment advice to a client.

### ITEM 15. CUSTODY

Advisor shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. The broker-dealer/custodian and/or program sponsor for client accounts directly provides Clients, at least quarterly, written transaction confirmation notices and regular written summary account statements. Advisor may also provide a written periodic report summarizing account activity and performance.

To the extent that Advisor provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Advisor with the account statements received from the account custodian. The account custodian does not verify the accuracy of Advisor's advisory fee calculation.

Advisor does not accept custody of client funds. Clients will retain ownership of all funds and securities in their accounts.

### ITEM 16. INVESTMENT DISCRETION

#### Discretionary Trading Authority

Clients typically grant Advisor discretionary authority over accounts to determine the securities to be bought and sold, to place trades, to negotiate transactions costs on their behalf where possible and, periodically, to rebalance the client's account back to the recommended allocation. Advisor has no obligation to supervise or direct investments held in client accounts that were not recommended, or that are not subject to review, by Advisor for a fee.

#### Limited Power of Attorney

Clients who have granted discretionary trading authority to Advisor are required to grant a "limited power of attorney" to Advisor over client's custodial account for purposes of trading and fee deduction. The client grants this authority in the brokerage account application.



## ITEM 17. VOTING CLIENT SECURITIES

Advisor does not exercise proxy voting authority over securities held in clients' accounts. Each client retains proxy voting authority over the securities that are held in the client's account. Advisor will promptly forward to the client all proxy solicitation notices it receives that relate to securities held in the client's account. Client may thereafter, in the client's sole discretion and at the client's sole expense, decide how to vote such proxies. Copies of our proxy voting policy are available free of charge upon the client's written request to Advisor. Clients may contact Advisor with any questions about a mutual fund proxy solicitation at the address on the cover page.

## ITEM 18. FINANCIAL INFORMATION

We are not aware of any financial conditions that are reasonably likely to impair the fulfillment of our contractual commitments to our clients.

## ITEM 19. ADDITIONAL INFORMATION

### Business Continuity Plan

Advisor has adopted a disaster recovery plan that governs how it will conduct operations in the case of a significant business disruption. In the case of a significant business disruption that affects communication with or to Advisor's main offices, clients may continue to call the firm at 800-798-1012, or 515-226-9000 with any questions they may have. A message also will be posted on the firm's website at [www.fostergrp.com](http://www.fostergrp.com). A copy of Advisor's disaster recovery plan will be made available to any client upon written request.

### Privacy Notice

The Gramm-Leach-Bliley Act requires the Securities and Exchange Commission (SEC) to establish standards to safeguard client information and records. As a result, the SEC adopted Regulation S-P which, among other things, requires investment advisors registered with the SEC to adopt appropriate policies and procedures that address safeguards to protect this information and to disclose its privacy policies to clients.

Foster Group, Inc. ("Foster Group") always has taken great measures to protect and safeguard information it gathers on Foster Group clients. As a financial company, Foster Group can choose if or how it shares client personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires Foster Group to tell clients how it collects, shares, and protects client personal information. Please read this notice carefully to understand what Foster Group does.



## Types of Information Collected

Foster Group collects nonpublic personal information about clients from the following sources:

- Information Foster Group receives from clients on applications or other forms, such as name, address, phone number, Social Security Number, date of birth, account numbers, tax documents, income, employment and residential information, cash balances, security balances, other investments, investment objectives, goals, and risk tolerance, net worth; and
- Information about client transactions with Foster Group or with client's custodian(s), such as buys, sells, gains, losses, fees, and/or holdings. Such information may be obtained from paper statements or via electronic download directly from the client's custodian.

Foster Group's web servers collect domain names and/or IP addresses of users to measure what pages and features visitors accessed. This information helps it administer the site, improve content and gather broad demographic information for aggregate use.

Foster Group may use "cookies" or similar files or scripts throughout its website to enhance client/visitor convenience in using its websites, to improve search functionality or to hold information that clients/visitors would otherwise need to re-key. "Cookies" are text files collected by a user's web browser. If clients/visitors do not wish to accept "cookies" from Foster Group's website, clients/visitors may configure their web browser so that it does not accept "cookies". However, certain functions available on Foster Group's website may be lost.

In order to understand how advertising performs, Foster Group may collect certain information on its Site and other sites and mobile apps through advertising service providers using cookies, IP addresses, and other technologies. The collected information may include the number of page visits, pages viewed on Foster Group's Site, search engine referrals, browsing activities over time and across other sites following clients/visitors accessing its Site, and responses to advertisements and promotions on the Site and on sites and apps where Foster Group advertises.

Foster Group uses information described in this Notice to help advertise its products and services, analyze the effectiveness of the advertising, and determine additional need for marketing.

If you prefer Foster Group not use information based on online Site behavior, clients may opt out of online behavioral advertising by going to **Error! Hyperlink reference not valid.**<https://tools.google.com/dlpage/gaoptout>.

## Use of Personal Information

Foster Group does not sell client personal information to anyone. It does not share client information for joint marketing with other financial companies or share information about



client transactions and experiences or information about client creditworthiness. Foster Group does not share client information so its affiliates or non-affiliates can market to them.

Foster Group does not disclose or share nonpublic personal information about clients to third parties, unless one of the following limited exceptions applies or the client has specifically asked to do so:

- Foster Group discloses personal information to companies that help it process or service client transactions or account(s) which include custodians or other vendors.
- Foster Group may disclose or report personal information in limited circumstances where it believes in good faith that disclosure is required or permitted under law, for example, to cooperate with regulators or law enforcement authorities.

Foster Group restricts access to client personal and account information to those employees who need to know that information in order to provide services to clients. Foster Group maintains physical, electronic, and procedural safeguards to guard client nonpublic personal information.

Additionally, whenever Foster Group hires other organizations to provide services to Foster Group's clients, Foster Group will require them to sign confidentiality agreements and/or the Privacy Policy.

From time to time it may be useful or convenient for Foster Group to discuss client's financial information with other professionals engaged by the client, such as their attorney, CPA, or insurance agent. Foster Group will secure written authorization from client prior to the sharing of any information and may also request written authorization to receive information from these other professional advisors in serving the client.

### **Emergency Contact**

From time to time due to unforeseen circumstances relating to the physical or mental health of a client, the best financial interests of the client may be served if Foster Group is able to communicate regarding the client with another individual. If the client has provided Foster Group with a properly executed copy of the client's power of attorney, Foster Group may contact the client's attorney-in-fact, if Foster Group reasonably believes doing so is in the best interest of the client. If the client has provided Foster Group with a properly executed copy of a Client Advocate Designation, Foster Group may communicate with the Client Advocate. If the client's attorney-in-fact or Client Advocate is unavailable, Foster Group may communicate with a responsible family member Foster Group reasonably believes is an appropriate person with whom to communicate under the circumstances.



### **Sharing Practices Notification**

Foster Group must provide clients with a copy of this statement which details our sharing practices when the client initially opens an account and each year while remaining a client.

### **Changes to Privacy Policy**

In the future, Foster Group may offer new and different programs that necessitate a change in this Policy. Foster Group reserves the right to change its privacy policy at any time without prior notice. Any changes to the privacy policy will be posted on our website at [www.fostergrp.com](http://www.fostergrp.com) under the Privacy section and will be effective immediately upon posting.

### **Governing Law and Jurisdiction**

Any disputes arising out of this Policy, and Foster Group's collection and use of client information, shall be governed and interpreted in accordance with the laws of the United States and the State of Iowa.

### **Phishing Scams**

Foster Group does not send emails to clients requesting billing, login or password information. If clients receive an email purporting to be from Foster Group that asks a client to provide personal or account information, or login and passwords, do not provide such information unless the client has first verified that the website or email is from Foster Group. Such emails may be fraudulent and used in connection with scams known as phishing. Foster Group asks that clients report any suspicious emails or websites to Foster Group.

### **Disposal of Information**

Foster Group has taken steps to reasonably ensure that the privacy of client nonpublic personal information is maintained at all times, including in connection with the disposal of information that is no longer required to be maintained. Such steps shall include whenever possible, shredding paper documents and records prior to disposal, requiring off-site storage vendors to shred documents maintained in such locations prior to disposal, and erasing and/or obliterating any data contained on electronic media in such a manner that the information can no longer be read or reconstructed.

### **Right to Limit Sharing**

Federal law gives clients the right to limit sharing only for:

- affiliates' everyday business purposes—information about client's creditworthiness (Foster Group does not share)
- affiliates to market to clients (Foster Group does not share)
- non-affiliates to market to clients (Foster Group does not share)

State laws and individual companies may give clients additional rights to limit sharing.

### **Contact and Modifying Personal Information**

If clients should ever decide to close an account(s) or become an inactive client, Foster



Group will continue to adhere to the privacy policies and practices as described in this notice.

Should clients have any questions about the privacy and protection of their records, please contact Foster Group and a representative will be happy to discuss this matter.

- Send a request by mail to: **Foster Group, 6601 Westown Parkway, Suite 100, West Des Moines, IA 50266.**
- Call: 1.800.798.1012

**Please note that clients cannot opt out of receiving any notifications or disclosures that are required by Federal or State law to be provided.**

Definitions	
Everyday Business Purposes	The actions necessary by financial companies to run their business and manage customer accounts, such as providing investment advisory and financial planning advice, processing securities transactions, and otherwise providing financial services to you.
Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies.
Non-Affiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies.
Joint Marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you.