

Form ADV Part 2A Appendix 1: *Wrap Fee Program Brochure*

Item 1 – Cover Page

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Date of Disclosure Brochure: May 27, 2020

This Wrap Fee Program Brochure provides information about the qualifications and business practices of FWG Investments, LLC (also referred to as we, us and FWG Investments throughout this disclosure brochure). If you have any questions about the contents of this brochure, please contact Paul Metzler at 859-309-0349 or paul@familywg.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.

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

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

Item 2 – Material Changes

Since our last amended brochure filing, dated March 2020, we have the following material change to report:

- The Kentucky Department of Financial Institutions (“DFI”) after a routine compliance examination of FWG Investments opened a formal investigation into FWG Investments’ investment-related activities on June 26, 2018. DFI and FWG Investments entered into a Partial Agreed Order on April 30, 2020 (the “FWG Order”) to resolve the matter without litigation or other adversary proceedings and without FWG Investments admitting liability. Please see Item 9 for more details.

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

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Item 4 – Services, Fees and Compensation

FWG Investments is an investment adviser registered with the Securities and Exchange Commission (SEC) and is a limited liability company (LLC) formed under the laws of the State of Kentucky.

FWG Investments offers asset management services through our Options-Only Portfolios Wrap Fee Program (“Options-Only Program”). Through the Options-Only Program, the fee for advisory services (including asset management) and transaction cost (including ticket charges) are “wrapped” into one fee. Therefore, our services are considered a wrap fee program. Whenever a fee is charged for services described in this Wrap Fee Program Brochure, we will receive all or a portion of the fee charged. Therefore we have a financial incentive to recommend this program over other programs or services.

When making the determination of whether one of the advisory programs available through FWG Investments is appropriate for your needs, you should bear in mind that fee-based accounts, when compared with commission-based accounts, often result in lower costs during periods when trading activity is heavier, such as the year an account is established. However, during periods when trading activity is lower, the fee-based account arrangements may result in a higher annual cost for transactions. Thus, depending on a number of factors, the total cost for transactions under a fee account versus a commission account can vary significantly. Factors which affect the total cost include account size, amount of turnover, type and quantities of securities purchased or sold, commission rates and your tax situation. It should also be noted that lower fees for comparable service may be available from other sources. The exact fees and other terms will be outlined in the agreement between you and FWG Investments.

You should discuss the advantages and disadvantages of fee-based and commission-based accounts with your adviser representative and you should read this Wrap Fee Brochure carefully as it explains, in detail, our Asset Management Services.

Asset Management Services through the Options-Only Portfolios

For clients seeking strategies comprised solely of option contracts on securities (referred to as “options”), the Options-Only Program will be recommended

Through the Options-Only Program, FWG Investments provides asset management services which involve FWG Investments providing you with continuous and ongoing supervision over your specified accounts comprised solely of options securities. An option is a financial derivative that represents a contract sold by one party (option writer) to another party (option holder). The contract offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security or other financial asset at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date). Call options give the option to buy at a certain price, so the buyer would want the stock to go up. Put options give the option to sell at a certain price, so the buyer would want the stock to go down.

FWG Investments assists clients with the establishment of one or more individual accounts at National Financial Services through the Fidelity Institutional Wealth Program (collectively referred to as Fidelity) or TD Ameritrade. Fidelity or TD Ameritrade will serve as the qualified custodian for accounts through Program. Clients must appoint FWG Investments as their investment advisor of record on the account.

The qualified custodians maintain physical custody of all funds and securities of the account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the account.

The account is managed on a discretionary basis by us based on your financial situation, investment objectives and risk tolerance. When discretionary authority is granted, we will have the authority to determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each transaction. Our discretionary authority also includes the ability to select Sub-Advisers and Model Managers.

Program Fees for Options-Only Portfolios

Fees for our Options-Only Program are charged based on a percentage of assets under management, billed in advance (at the start of the billing period) on a monthly calendar basis and calculated based on the fair market value of your account as of the last business day of the previous billing period. Clients may pay a single fee for investment advisory services provided by FWG Investments and execution services provided by your qualified custodian.

Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period. If services are commenced in the middle of a billing period, the prorated fee for the initial billing period is billed in arrears at the same time as the next full billing period's fee is billed.

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

The annual fee for Options-Only Program services will be 2.00%. Although our standard fee for Options-Only Program services is 2.00%, fees are negotiable based on the investment adviser representative providing the services, the type of client, the complexity of the client's situation, the potential for additional account deposits, the relationship of the client with the investment adviser representative, and the total amount of assets under management for the client.

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

Although we prefer clients have Options-Only Program fees debited from one or more of their managed accounts, you can choose how to pay Options-Only Program fees. Fees can be deducted from your account and paid directly to our firm by the qualified custodian(s) of your account or you can pay our firm upon receipt of a billing notice sent directly to you.

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

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

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

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

Block Trading

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

FWG Investments uses the average price allocation method for transaction allocation.

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

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

Suitability and Investment Strategy

FWG Investments will assist clients in determining their objective(s), investment strategy, and investment suitability, prior and subsequent to opening an Asset Management account. Clients must contact us to notify of any changes in their investment objective(s) and/or financial situation. Investment strategies used to implement investment advice include, but are not necessarily limited to, long term purchases (investments held at least a year); short term purchases (investments sold within a year); frequent trading; short sales; margin transactions; and option writing, including cover options, uncovered options or spreading strategies.

Item 5 – Account Requirements and Types of Clients

Minimum Account Size

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

Types of Accounts

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

- Individuals
- High net worth individuals
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

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

Item 6 – Portfolio Manager Selection and Evaluation

For this service, we do not allow the use of portfolio managers that are not associated with FWG Investments. In other words, the only portfolio managers selected for managing client assets for our Asset Management Services are Investment Adviser Representatives of FWG Investments. Therefore, conflicts of interest present in other wrap fee programs that make available both affiliated and unaffiliated portfolio managers are not present in our wrap fee program. Because our Asset Management Services program does not provide for outside portfolio managers, we do not have procedures designed to select outside portfolio managers for the Options-Only Program.

General Description of Other Advisory Services

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

Asset Management Services through AE Wealth Management Platform

FWG Investments has entered into an agreement with AE Wealth Management, LLC (“AE Wealth Management”), an SEC registered investment advisor, to provide investment advisory services to clients through the AE Wealth Management Wrap Fee Program (“Program”). The Program is a wrap-fee program sponsored by AE Wealth Management. The Program provides clients with the opportunity to establish mutual fund portfolios, separate account portfolios and unified managed account portfolios developed by both FWG Investments and also by third party investment managers who are registered as investment advisors (collectively referred to as “Model-Managers”). Through the Program, AE Wealth Management provides services as the sponsor of the Program and is a sub-adviser to FWG Investments and our clients. Services provided as sponsor of the Program include technology platforms to support data reconciliation, performance reporting, fee calculation and billing, research, client database maintenance, quarterly performance evaluations, models, trading platforms, and other functions related to the administrative tasks of managing client accounts. The AE Wealth Management Platform does not allow our firm to manage options-only accounts. Therefore, we have created and sponsor our Options-Only Program to service clients wanting option portfolios. Clients, including Options-Only Program clients, must

open accounts through the AE Wealth Management Platform when for non-options only managed portfolios.

Financial Planning Services - FWG Investments offers financial planning services, which involve preparing a written financial plan covering specific or multiple topics. We provide full written financial plans, which typically address the following topics: Investment Planning, Retirement Planning, Insurance Planning, Tax Planning, Education Planning, Portfolios Review, Asset Allocation, and Real Estate Planning. When providing financial planning services, the role of your investment adviser representative is to find ways to help you understand your overall financial situation and help you set financial objectives. We also provide modular written financial plans which only cover those specific areas of concern mutually agreed upon by you and us. A modular written financial plan is limited or segmented and does not involve the creation of a full written financial plan. You should be aware that there are important issues that may not be taken into consideration when your investment adviser representative develops his or her analysis and recommendations under a modular written financial plan. Written financial plans prepared by us under this Agreement do not include specific recommendations of individual securities.

Our financial planning services do not involve implementing any transaction on your behalf or the active and ongoing monitoring or management of your investments or accounts. You have the sole responsibility for determining whether to implement our financial planning recommendations. To the extent that you would like to implement any of our investment recommendations through FWG Investments or retain FWG Investments to actively monitor and manage your investments, you must execute a separate written agreement with FWG Investments for our asset management services.

Newsletters

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

Limits Advice to Certain Types of Investments

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

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

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

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

Tailor Advisory Services to Individual Needs of Clients

FWG Investments advisory services are always provided based on your individual needs. This means, for example, that when we provide asset management services, you are given the ability to impose

restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information.

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

Performance-Based Fees and Side-By-Side Management

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. FWG Investments **does not charge or accept performance-based fees.**

Methods of Analysis

FWG Investments uses the following methods of analysis in formulating investment advice:

Charting - This is a set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

Charting is likely the most subjective analysis of all investment methods since it relies on proper interpretation of chart patterns. The risk of reliance upon chart patterns is that the next day's data can always negate the conclusions reached from prior days' patterns. Also, reliance upon chart patterns bears the risk of a certain pattern being negated by a larger, more encompassing pattern that has not shown itself yet.

Cyclical - This method analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and in higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins. While most economists and investors agree that there are cycles in the economy that need to be respected, the duration of such cycles is generally unknown. An investment decision to buy at the bottom of a business cycle may actually turn out to be a trade that occurs before or after the bottom of the cycle. If done before the bottom, then downside price action can result prior to any gains. If done after the bottom, then some upside price action may be missed. Similarly, a sell decision meant to occur at the top of a cycle may result in missed opportunity or unrealized losses.

Fundamental - This is a method of evaluating a security by attempting to measure its intrinsic value and intrinsic growth potential by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value and growth, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position

to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value and growth potential. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security. The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.

Technical – This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

To conduct analysis, FWG Investments gathers information from financial newspapers, magazines and websites, inspection of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses and filings with the SEC, and company press releases.

Investment Strategies

FWG Investments uses the following investment strategies when managing client assets and/or providing investment advice:

Active Management. During times where economic and geopolitical news and outlook has the potential for dramatic change, portfolios can be managed in an attempt to benefit from, or protect against, those volatile movements. In general, this strategy may not be suitable for investors who require a very low trading activity (buy-and-hold) through all market conditions.

Asset Allocation. The investment sector, geographical region, and class to which assets are allocated can play a significant role in the potential for portfolio performance. Cyclical and fundamental analyses form the basis for asset allocation decisions.

Diversification. A risk management technique that mixes the variety of investments positions within a portfolio in order to minimize the impact any one security can have on the overall portfolio performance. The effectiveness of this strategy may be limited by a small variety of investments available within a concentrated portfolio. A diversified portfolio can contain positions which will perform at variance to each other.

Long term purchases. Investments held at least a year.

Short term purchases. Investments sold within a year.

Frequent trading. This strategy refers to the practice of selling investments within 30 days of purchase. Frequent trading of securities may have a positive or negative impact on investment performance.

Option writing including cover options, uncovered options or spreading strategies. Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.

Risk of Loss

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on

strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

- Fixed Income Risk. When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
- Margin Risk - When you purchase securities, you may pay for the securities in full or borrow part of the purchase price from your account custodian or clearing firm. If you intended to borrow funds in connection with your Account, you will be required to open a margin account, which will be carried by the clearing firm. The securities purchased in such an account are the clearing firm's collateral for its loan to you.

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

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

These risks include the following:

- You can lose more funds than you deposit in your margin account.
- The account custodian or clearing firm can force the sale of securities or other assets in your account.
- The account custodian or clearing firm can sell your securities or other assets without contacting you.
- You are not entitled to choose which securities or other assets in your margin account may be liquidated or sold to meet a margin call.
- The account custodian or clearing firm may move securities held in your cash account to your margin account and pledge the transferred securities.

- The account custodian or clearing firm can increase its “house” maintenance margin requirements at any time and they are not required to provide you advance written notice.
- You are not entitled to an extension of time on a margin call.
- Alternative Investments – Our portfolio holdings are typically traded on U.S. exchanges; however non-U.S. investments, currency and commodity investments may contain additional risks associated with government, economic, political or currency volatility.
- Emerging Markets – Where justified by the investment analysis outlined above, investment either indirectly or directly in emerging markets may be included in a portfolio. Emerging markets can experience high volatility and risk in the short term.

Voting Client Securities

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

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

Item 7 – Client Information Provided to Portfolio Managers

Only Investment Adviser Representatives of FWG Investments serve as portfolio managers for our Asset Management Services Program and are responsible for gathering all information provided by you. We will interview and work with you to gather all information needed relative to your investment objectives and needs in order to provide management services through our Options-Only Program. You are responsible for promptly contacting your Investment Adviser Representative to notify us of any changes to your financial situation that will impact or materially influence the way we manage your accounts. Since our Options-Only Program does not use any outside portfolio managers, we do not share your information with any outside portfolio managers.

Item 8 - Client Contact with Portfolio Managers

Only Investment Adviser Representatives of FWG Investments serve as portfolio managers for our Asset Management Services Program. There are no restrictions placed on your ability to contact and consult with your Investment Adviser Representative and it is the policy of FWG Investments to provide for open communications between the Investment Adviser Representatives and clients. You are encouraged to contact your Investment Adviser Representative whenever you have questions about the management of your account(s).

Item 9 - Additional Information

Disciplinary Information

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

DFI claims that the following violations existed and are referenced in the FWG Order:

(1) FWG Investments employed or associated with two individuals, Donald Eugene Bentley ("Bentley") and Jeffrey Kyle Sheppard ("Sheppard") who provided investment advice to clients while they were not registered as investment advisers with the DFI. Sheppard became registered as an investment adviser representative ("IAR") on July 6, 2018. Bentley failed to satisfy the requirement that he pass the Series 65 exam and has since passed the exam. However, Bentley's registration was suspended under a separate agreed order between him and the DFI for 120 days from April 30, 2020. When Bentley's registration was terminated for failure to pass the Series 65 exam, the FWG Order notes that FWG Investments misrepresented Bentley's qualifications as an IAR by failing to disclose he was not properly registered and allowing him to meet with clients and provided investment advice.

(2) FWG Investments failed to maintain clear and accurate copies of correspondence between FWG Investments' clients and employees as required under Kentucky law.

(3) FWG Investments failed to maintain clear and accurate transaction records as required under Kentucky law.

Without admitting liability, FWG Investments agreed to pay a civil fine of \$50,000 and to cease and desist from any further violations.

Other Financial Industry Activities and Affiliations

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

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

Insurance Services

You may work with your investment adviser representative in his or her separate capacity as an insurance agent through our affiliated company Family Wealth Group, LLC. When acting in his or her separate capacity as an insurance agent, the investment adviser representative may sell, for commissions, general disability insurance, life insurance, annuities, and other insurance products to you. As such, your investment adviser representative in his or her separate capacity as an insurance agent

may suggest that you implement recommendations by purchasing disability insurance, life insurance, annuities, or other insurance products.

Our investment advisor representatives currently spend the majority of their time on insurance activities. However, they anticipate spending approximately 50% of their time on insurance sales and services and 50% of their time on investment advisory services in the future.

Family Wealth Group, LLC utilizes the services of Advisors Excel, a third-party insurance marketing organization ("IMO") to select the appropriate product. The IMO may also offer special incentive compensation while our investment adviser representatives acts in their separate capacity as insurance agents, if they meet certain overall sales goals by placing annuities and/or other insurance products through the IMO. A client could perceive that the receipt of commissions and additional incentive compensation itself creates a conflict of interest and may affect our independent judgment. However, this conflict is mitigated by the fact that we have a fiduciary responsibility to place the best interest of the client first and clients are not required to purchase any insurance products through us in our separate capacity as insurance agents. The purpose of the IMO is to assist us to find the insurance company that best fits the client's situation.

Advisors Excel is a related company of AE Wealth Management. Advisors Excel provides affiliate members such as our insurance firm, Family Wealth Group, LLC, with marketing assistance and business development tools to acquire new clients, technology with the goal of improving the client experience and our firm's efficiency, back office and operations support to assist in the processing of our insurance (through Advisors Excel) and investment advisory services (through AE Wealth Management) for clients, and business succession planning for our firm. Although some of these services may directly benefit a client, other services obtained by us from Advisors Excel such as marketing assistance and business development may not benefit an existing client.

There is a conflict of interest when we use the sub-adviser and financial planning services of AE Wealth Management because we are influenced to use AE Wealth Management based upon our relationship with, the services provided and support of Advisors Excel.

Informal Arrangement with Third-Party Accountant and Attorney

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

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

Metzler Marketing

Kevin Metzler is the owner of an event planning and direct mail marketing business for financial services and sales. As the owner of this other business, Kevin Metzler will receive profits and benefits from the business and may receive any other additional compensation associated with the company. Mr. Metzler devotes less than 5 hours a week to this other business activity. Although this service is financial-related, it is considered separate and distinct from the services provided through FWG Investments. Clients of FWG Investments are not also clients of Metzler Marketing.

Interest in Client Transactions and Code of Ethics

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

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

Affiliate and Employee Personal Securities Transactions Disclosure

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

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

Account Reviews

Managed accounts are reviewed at least annually. While the calendar is the main triggering factor, reviews can also be conducted at your request. Account reviews will include investment strategy and objectives review and making a change if strategy and objectives have changed. Reviews are conducted by Jeff Sheppard, Tim Riney, Vince Montgomery and Donald Bentley, with reviews performed in accordance with your investment goals and objectives.

Account Statements and Reports

You are provided with transaction confirmation notices and regular monthly account statements directly from the qualified custodian. Additionally, FWG Investments may provide performance reports to you upon request.

You are encouraged to always compare any reports or statements provided by us, a sub-adviser or third-party money manager against the account statements delivered from the qualified custodian. When you have questions about your account statement, you should contact our firm and the qualified custodian preparing the statement.

Client Referrals and Other Compensation

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

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

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

Financial Information

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

Item 10 - Customer Privacy Policy Notice

Commitment to Your Private Information: FWG Investments has developed a policy of protecting the confidentiality and security information we collect about our clients. We do not, and will not, share nonpublic personal information about you ("Information") with outside third parties without your consent, except for the specific purposes described below. This notice has been provided to you to describe the Information we may gather and the situations under which we may need to share it.

Why We Collect and How We Use Information. We limit the collection and use of Information within our firm to only those individuals associated or employed with us that must have Information to provide financial services to you. Such services include maintaining your accounts, processing transaction requests, providing financial planning, financial advisory, and other services described in our Form ADV.

How We Gather Information. We get most Information directly from you when you provide us with information from any of the following sources:

- Applications or forms (for example: name, address, social security number, birth date, assets, income, financial history)
- Transactional activity in your account (for example: trading history and account balances)
- Information services and consumer reporting sources (for example: to verify your identity or to assess your credit history)
- Other sources with your consent (for example: your insurance professional, attorney, or accountant)

How We Protect Information. Our employees and affiliated persons are required to protect the confidentiality of Information and to comply with our stated policies. They may access Information only when there is an acceptable reason to do so, such as to service your account or provide you with financial services. Employees who violate our Privacy Policy are subject to disciplinary action, up to and including termination from employment with us. We also maintain physical, electronic, and procedural safeguards to protect information, which comply with applicable SEC, state, and federal laws.

Sharing Information with Other Companies Permitted Under Law. We do not disclose Information obtained in the course of our practice except as required or permitted under law. Permitted disclosures include, for instance, providing information to unrelated third parties who need to know such Information in order to assist us with providing services to you. Unrelated third parties may include broker/dealers, mutual fund companies, insurance companies, and the custodian with whom your assets are held. In such situations, we stress the confidential nature of information being shared.

Former Customers. Even if we cease to provide you with financial products or services, our Privacy Policy will continue to apply to you and we will continue to treat your nonpublic information with strict confidentiality.

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