

## **FIG WEALTH, LLC**

*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of FIG Wealth, LLC (hereinafter “FIG Wealth” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. 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. Additional information about the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

## **Item 2. Material Changes**

In this Item, FIG Wealth is required to discuss any material changes that have been made to the brochure since the last annual amendment. There are no material changes to disclose.

**Item 3. Table of Contents**

Item 2. Material Changes.....	2
Item 3. Table of Contents .....	3
Item 4. Advisory Business.....	4
Item 5. Fees and Compensation.....	5
Item 6. Performance-Based Fees and Side-by-Side Management.....	9
Item 7. Types of Clients .....	9
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss.....	9
Item 9. Disciplinary Information .....	15
Item 10. Other Financial Industry Activities and Affiliations .....	15
Item 11. Code of Ethics .....	15
Item 12. Brokerage Practices .....	16
Item 13. Review of Accounts .....	20
Item 14. Client Referrals and Other Compensation.....	20
Item 15. Custody.....	21
Item 16. Investment Discretion.....	21
Item 17. Voting Client Securities .....	22
Item 18. Financial Information .....	22

## Item 4. Advisory Business

FIG Wealth offers investment management and consulting services. Prior to FIG Wealth rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with FIG Wealth setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

FIG Wealth filed for registration as an investment adviser in January 2022 and is owned by Adam Gallegos. As of February 2, 2023, FIG Wealth had \$240,926,634 in assets under management; \$236,232,790 of which was managed on a discretionary basis and \$4,693,844 of which was managed on a non-discretionary basis.

While this brochure generally describes the business of FIG Wealth, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or other persons who provide investment advice on FIG Wealth’s behalf and are subject to the Firm’s supervision or control.

### Investment Management Services

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FIG Wealth manages client investment portfolios on a discretionary or non-discretionary basis. FIG Wealth primarily allocates client assets among various alternative investments as well as mutual funds, exchange-traded funds (“ETFs”), individual debt and equity securities, and independent investment managers (“Independent Managers”) in accordance with their stated investment objectives. The alternative investments include privately placed securities in debt, equity and/or interests in pooled investment vehicles in diverse areas including real estate private equity, real estate investment trusts, and business development companies, to name a few.

Where appropriate, the Firm also provides advice about any type of legacy position or other investment held in client portfolios, but clients should not assume that these assets are being continuously monitored or otherwise advised on by the Firm unless specifically agreed upon. Clients can engage FIG Wealth to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, FIG Wealth directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product’s provider.

FIG Wealth tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. FIG Wealth consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios.

Clients are advised to promptly notify FIG Wealth if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients can impose reasonable restrictions or mandates on the management of their accounts if FIG Wealth determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

### **Use of Independent Managers**

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As mentioned above, FIG Wealth selects certain Independent Managers to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an Independent Manager are set forth in a separate written agreement with the designated Independent Manager. That agreement can be between the Firm and the Independent Manager (often called a subadvisor) or the client and the Independent Manager (sometimes called a separate account manager). In addition to this brochure, clients will typically also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets.

FIG Wealth evaluates a variety of information about Independent Managers, which includes the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. FIG Wealth also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

FIG Wealth continues to provide services relative to the discretionary or non-discretionary selection of the Independent Managers. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers. FIG Wealth seeks to ensure the Independent Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

## **Item 5. Fees and Compensation**

FIG Wealth offers services on a fee basis, which includes fixed fees, as well as fees based upon assets under management or advisement. Additionally, certain of the Firm's Supervised Persons, in their individual capacities, offers securities brokerage services and/or insurance products under a separate commission-based arrangement.

### Investment Management Fees

FIG Wealth offers investment management services for an annual fee based on the amount of assets under the Firm's management. This management fee for investments in traditional liquid securities varies in accordance with the following fee schedule:

<b><u>PORTFOLIO VALUE</u></b>	<b><u>BASE FEE</u></b>
Up to \$1,000,000	1.00%
\$1,000,000 - \$2,499,999	0.95%
\$2,500,000 - \$4,999,999	0.90%
\$5,000,000 - \$9,999,999	0.75%
\$10,000,000 and Above	Customized

For more illiquid securities, including alternative investments, the fee will vary depending upon the client, the amount of work done by the Firm in doing initial and ongoing due diligence on the investment and anticipated time horizon of the investment. The fee can be higher than the fee schedule above. Often times a disproportionate amount of work is done by the Firm with the initial due diligence, but a regular fee is charged that contemplates the overall services provided. These fees will range between 1.00% and 2.00% per annum.

*Commission vs. Fee:* Alternatively, in certain circumstances where it is difficult to determine a time horizon of a private investment, the Firm will give clients the option of choosing to pay an ongoing fee or one-time commission for an investment. The commission would be paid to a Supervised Person of the Firm as further disclosed below. The commission can be as high as 7%. For a longer-term investment, the up-front commission would be less expensive to the client since the Firm does not charge its ongoing management fee on the assets. For a shorter-term investment, however, the client will pay more than the ongoing management fee would be. The Firm will estimate the time horizon of an investment, but cannot guarantee which will cost more throughout the lifecycle of the investment.

The annual fee is prorated and charged monthly, in advance, based upon the market value of the assets being managed by FIG Wealth on the last day of the previous month as determined by a party independent from the Firm (including the client's custodian or another third-party, which may include the issuer of an alternative investment). Alternatively, the Firm may charge a fixed fee for the investment management services. The fixed fee will be individually negotiated and will be based upon a number of factors including the size and composition of a client's portfolio, the type and amount of services rendered and the individual(s) providing the services.

If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is not adjusted to reflect the interim change in portfolio value. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the advisory agreement

is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

Additionally, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), FIG Wealth can negotiate a fee rate that differs from the range set forth above. Clients are advised that a conflict of interest exists for the Firm to recommend that clients engage FIG Wealth for additional services for compensation, including rolling over retirement accounts or moving other assets to the Firm's management. Clients retain absolute discretion over all decisions regarding engaging the Firm and are under no obligation to act upon any of the recommendations for additional services (not the assets being managed by the Firm on a discretionary basis).

### **Fee Discretion**

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FIG Wealth may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention, pro bono activities, or competitive purposes.

### **Additional Fees and Expenses**

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In addition to the advisory fees paid to FIG Wealth, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges include securities brokerage commissions, transaction fees, custodial fees, fees attributable to alternative assets (including the fees charged by underlying managers and expenses of the asset), reporting charges, fees charged by the Independent Managers, margin and other borrowing costs, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm's brokerage practices are described at length in Item 12, below.

### **Direct Fee Debit**

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Clients provide FIG Wealth and/or certain Independent Managers with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to FIG Wealth. All fees can be taken from one or more client accounts even where the assets that the

fees are charged for are held with a different custodian. For example, the Firm may withdraw fees from an account with Schwab (as described below) for services provided to assets held in a private placement away from Schwab.

### **Account Additions and Withdrawals**

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Clients can make additions to and withdrawals from their account at any time, subject to FIG Wealth's right to terminate an account. Additions can be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client's account. Clients can withdraw account assets on notice to FIG Wealth, subject to the usual and customary securities settlement procedures. However, the Firm designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. FIG Wealth may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

### **Commissions and Sales Charges for Recommendations of Securities**

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Clients can engage certain persons associated with FIG Wealth (but not the Firm directly) to render securities brokerage services under a separate commission-based arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with FIG Wealth.

Under this arrangement, the Firm's Supervised Persons, in their individual capacities as registered representatives of Chauner Securities, Inc. ("Chauner"), can provide securities brokerage services and implement securities transactions under a separate commission-based arrangement. Supervised Persons are entitled to a portion of the brokerage commissions paid to Chauner, as well as a share of any ongoing distribution or service (trail) fees from the sale of mutual funds. FIG Wealth can also recommend no-load or load-waived funds, where no sales charges are assessed, but where the Supervised Person receives other forms of compensation. Any transactions effected through Chauner will be on an application way basis, and clients will be required to complete a subscription agreement with each transaction

A conflict of interest exists to the extent that FIG Wealth recommends the purchase or sale of securities where its Supervised Persons receive commissions or other additional compensation as a result of the Firm's recommendation (the "Brokerage Relationship"). Because the Supervised Persons receive compensation in connection with the sale of securities in the Brokerage Relationship, a conflict of interest exists as such Supervised Persons, have an incentive to recommend more expensive securities or services to clients where such Supervised Persons earn more compensation with respect to the sale of such securities through the Brokerage Relationship. This includes an incentive to choose a mutual fund share class or alternative investment that is more expensive to the client, but results in more compensation to the Supervised Person and/or the Firm.



The Firm has procedures in place to ensure that any recommendations made by such Supervised Persons are in the best interest of that client. The Firm will not take advisory fees on assets where the Firm or its Supervised Persons have received any transaction-based compensation. For accounts covered by the Employee Retirement Income Security Act of 1974 (“ERISA”) and such others that FIG Wealth, in its sole discretion, deems appropriate, FIG Wealth provide its investment advisory services to certain clients on a fee-offset basis. In this scenario, FIG Wealth offsets its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by the Firm’s Supervised Persons in their individual capacities as registered representatives of Chauner.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

FIG Wealth does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client’s assets).

## **Item 7. Types of Clients**

FIG Wealth offers services to individuals, trusts, estates, charitable organizations, corporations and other business entities, and pension and profit sharing plans.

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

### **Methods of Analysis and Investment Strategies**

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An Alternative Approach to investing is FIG Wealth’s tagline and underscores the Firm’s philosophy:

On the premise that most traditional portfolios are limited in both their opportunity and risk management, FIG Wealth’s primary focus is helping investors understand and then integrate alternative investment strategies into their portfolios.

With this philosophy in mind, and after a clear understanding of the client’s risk tolerance, liquidity needs, and goals and objectives, the Firm seeks to develop the optimal portfolio which maximizes risk-adjusted returns.

For clients, the Firm broadly divides the investment world into three categories:

- Traditional Investments – Stocks, Bonds, Cash
- Real Assets – Real Estate, Commodities, Natural Resources
- Alternative Financial Strategies – Hedge Funds, Private Equity, Structured Products, Blockchain

The utilization and implementation of any or all the above categories is dependent on the specific client suitability, time horizon, and objectives.

Given FIG Wealth's primary focus during portfolio construction is risk management, the Firm prioritizes Capital Preservation then looks for Growth and alternate strategies.

In providing investment advisory services, FIG Wealth utilizes a global macro framework to establish its Top-Down investment view. This Top-Down "Firm View" and the specific investment advisory solutions recommended are developed through fundamental, technical, and third-party analysis.

The Firm's investment committee meets regularly to set and review the Firm's investment outlook, strategies, and recommended products. The investment personnel of FIG Wealth employ global macro research, security valuation, macroeconomic indicators, trends/momentum, third-party analysis, and available information services to establish asset allocation and investment recommendations. This approach and the wide-ranging sources of analysis help identify and confirm specific and thematic risks and/or opportunities globally.

While technical factors are most often used in developing entry and exit points in the Firm's liquid investment models, FIG Wealth is primarily conducting fundamental analysis to identify specific investments consistent with its Top-Down Firm view. The long term, and less-liquid or illiquid nature of most Alternative Investments lend itself to fundamental and macro analysis.

The analysis described above is designed to identify appropriate and compelling risk-adjusted investment strategies and products. Client portfolios are structured with a long-term strategic allocation consistent with client risk tolerance and objectives. Disciplined portfolio management follows with periodic tactical adjustments made for shorter term optimization, diversification, risk management, or tax purposes.

Depending on each client's specific risk and return parameters, their portfolio may be constructed with one or several internally and externally sourced investment strategies, most commonly:

- Equity and Fixed Income securities
- Mutual Funds
- ETFs
- Real Estate, REITs
- Private offerings –LPs, LLCs
- Structured Products

- Closed-end Funds
- BDCs

As previously mentioned, FIG Wealth's philosophy is to utilize as many available investment tools and structures deemed appropriate to mitigate portfolio risk and maximize return. Typically, this means a diversified blend of investment products and strategies across efficient/inefficient and liquid/illiquid markets; however, it is important to acknowledge the potential for correlations between assets, markets and investments to escalate especially in times of severe market stress and this phenomenon may offset the benefits designed in portfolio construction.

### **Risk of Loss**

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The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved with respect to the Firm's investment management activities. Clients should consult with their legal, tax, and other advisors before engaging the Firm to provide investment management services on their behalf.

#### *General and Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of FIG Wealth's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. In addition, investments may be adversely affected by financial markets and economic conditions throughout the world. There can be no assurance that FIG Wealth will be able to predict these price movements accurately or capitalize on any such assumptions. Clients are also subject to loss of capital, liquidity risk, economic risk, regulatory risk, geographic risk, interest rate risk, operational risk, credit risk, tax risk, litigation risk, inflation risk, cybersecurity risk when investing.

#### *Volatility Risks*

The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

#### *Cash Management Risks*

The Firm may invest some of a client's assets temporarily in money market funds or other similar types of investments, during which time an advisory account may be prevented from achieving its investment objective.

*Equity-Related Securities and Instruments*

The Firm and the alternative investments in which it invests, will take long positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and over-the-counter markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments, and the stock prices of such companies may suffer a decline in response. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In addition, investments in small-capitalization, midcapitalization and financially distressed companies may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

*Fixed Income Securities*

Clients who invest in fixed income products can lose money, including losing a portion of their original investment. The prices of the securities in our portfolios fluctuate. The Firm does not guarantee any particular level of performance. Below is a representative list of the types of risks clients should consider before investing in this product.

- Interest rate risk. Prices of bonds tend to move in the opposite direction to interest rate changes. Typically, a rise in interest rates will negatively affect bond prices. The longer the duration and average maturity of a portfolio, the greater the likely reaction to interest rate moves.
- Credit (or default) risk. A bond's price will generally fall if the issuer fails to make a scheduled interest or principal payment, if the credit rating of the security is downgraded, or if the perceived creditworthiness of the issuer deteriorates.
- Liquidity risk. Sectors of the bond market can experience a sudden downturn in trading activity. When there is little or no trading activity in a security, it can be difficult to sell the security at or near its perceived value. In such a market, bond prices may fall.
- Call risk. Some bonds give the issuer the option to call or redeem the bond before the maturity date. If an issuer calls a bond when interest rates are declining, the proceeds may have to be reinvested at a lower yield. During periods of market illiquidity or rising rates, prices of callable securities may be subject to increased volatility.
- Prepayment risk. When interest rates fall, the principal of mortgage-backed securities may be prepaid. These prepayments can reduce the portfolio's yield because proceeds may have to be reinvested at a lower yield.

- Extension risk. When interest rates rise or there is a lack of refinancing opportunities, prepayments of mortgage-backed securities or callable bonds may be less than expected. This would lengthen the portfolio's duration and average maturity and increase its sensitivity to rising rates and its potential for price declines.

#### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for index-based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

#### *Use of Independent Managers*

As stated above, FIG Wealth selects certain Independent Managers to manage a portion of its clients' assets. In these situations, FIG Wealth continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, FIG Wealth does not have the ability to supervise the Independent Managers on a day-to-day basis.

*Alternative Investments*

As emphasized throughout this brochure, FIG Wealth frequently recommends investments in non-traditional and alternative investments such as structured products, real estate, hedge funds, private equity, etc which often carry specific additional risks in addition to those previously mentioned.

FIG Wealth recommends that certain clients invest in privately placed collective investment vehicles (*e.g.*, hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities.

The risks inherent to these unique structures, often pooled vehicles (LPs, LLCs), are disclosed in detail in the investment offering documents, private placement memorandum, and/or prospectus. Clients should consult each investment's private placement memorandum and/or other documents explaining such risks prior to investing.

*Use of Margin*

The Firm does not utilize margin or other borrowing in managing client assets. Many of the alternative investments that the Firm recommends and allocates client assets to will use margin and other borrowing. The use of margin borrowing for investments can substantially improve returns, it may also increase overall portfolio risk. Margin transactions are generally effected using capital borrowed from a Financial Institution, which is secured by a client's holdings. Under certain circumstances, a lending Financial Institution may demand an increase in the underlying collateral. If the client is unable to provide the additional collateral, the Financial Institution may liquidate account assets to satisfy the client's outstanding obligations, which could have extremely adverse consequences. In addition, fluctuations in the amount of a client's borrowings and the corresponding interest rates may have a significant effect on the profitability and stability of a client's portfolio.

*Currency Risks*

An advisory account that holds investments denominated in currencies other than the currency in which the advisory account is denominated may be adversely affected by the volatility of currency exchange rates.

*Interest Rate Risks*

Interest rates may fluctuate significantly, causing price volatility with respect to securities or instruments held by clients.

## Item 9. Disciplinary Information

FIG Wealth has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

## Item 10. Other Financial Industry Activities and Affiliations

This item requires investment advisers to disclose certain financial industry activities and affiliations.

### Licensed Insurance Agents

A number of the Firm's Supervised Persons are licensed insurance agents and offer certain insurance products on a fully-disclosed commissionable basis. A conflict of interest exists to the extent that FIG Wealth recommends the purchase of insurance products where its Supervised Persons are entitled to insurance commissions or other additional compensation. The Firm has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interest regardless of any such affiliations.

## Item 11. Code of Ethics

FIG Wealth has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons. FIG Wealth's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of FIG Wealth's personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (*e.g.*, initial public offerings, limited offerings). However, the Firm's Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by money market funds; and iv) shares issued by other unaffiliated open-end mutual funds.

Clients and prospective clients may contact FIG Wealth to request a copy of its Code of Ethics by contacting the Firm at the phone number on the cover page of this brochure.

## Item 12. Brokerage Practices

### Recommendation of Broker-Dealers for Client Transactions

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FIG Wealth recommends that clients utilize the custody, brokerage and clearing services of Charles Schwab & Co, Inc. through its Schwab Advisor Services division ("Schwab") for investment management accounts. The final decision to custody assets with Schwab is at the discretion of the client, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. FIG Wealth is independently owned and operated and not affiliated with Schwab. Schwab provides FIG Wealth with access to its institutional trading and custody services, which are typically not available to retail investors.

Factors which FIG Wealth considers in recommending Schwab or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Schwab enables the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Schwab may be higher or lower than those charged by other Financial Institutions.

The commissions paid by FIG Wealth's clients to Schwab comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might



charge to effect the same transaction where FIG Wealth determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. FIG Wealth seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Consistent with obtaining best execution, brokerage transactions are directed to certain broker-dealers in return for investment research products and/or services which assist FIG Wealth in its investment decision-making process. Such research will be used to service all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because FIG Wealth does not have to produce or pay for the products or services.

FIG Wealth periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

#### **Software and Support Provided by Financial Institutions**

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FIG Wealth receives without cost from Schwab administrative support, computer software, related systems support, as well as other third party support as further described below (together "Support") which allow FIG Wealth to better monitor client accounts maintained at Schwab and otherwise conduct its business. FIG Wealth receives the Support without cost because the Firm renders investment management services to clients that maintain assets at Schwab. The Support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The Support benefits FIG Wealth, but not its clients directly. Clients should be aware that FIG Wealth's receipt of economic benefits such as the Support from a broker-dealer creates a conflict of interest since these benefits will influence the Firm's choice of broker-dealer over another that does not furnish similar software, systems support or services. In fulfilling its duties to its clients, FIG Wealth endeavors at all times to put the interests of its clients first and has determined that the recommendation of Schwab is in the best interest of clients and satisfies the Firm's duty to seek best execution.

Specifically, FIG Wealth receives the following benefits from Schwab: i) receipt of duplicate client confirmations and bundled duplicate statements; ii) access to a trading desk that exclusively services its institutional traders; iii) access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and iv) access to an electronic communication network for client order entry and account information.

In addition, the Firm receives funds to be used toward qualifying third-party service providers for research, marketing, compliance, technology and software platforms and services. The services the Firm receives from Schwab are generally available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain amount of the advisor's clients' assets are maintained in accounts at Schwab. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to the Firm other products and services that benefit the Firm but may not benefit its clients' accounts. These benefits may include national, regional or Firm specific educational events organized and/or sponsored by Schwab. Other potential benefits may include occasional business entertainment of personnel of FIG Wealth by Schwab personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist FIG Wealth in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of the Firm's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of the Firm's accounts, including accounts not maintained at Schwab. Schwab also makes available to FIG Wealth other services intended to help the Firm manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to the Firm by independent third parties. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to the Firm. While, as a fiduciary, FIG Wealth endeavors to act in its clients' best interests, the Firm's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefits received and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which creates a potential conflict of interest.

**Brokerage for Client Referrals**

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FIG Wealth does not consider, in selecting or recommending broker-dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

**Directed Brokerage**

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The client may direct FIG Wealth in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to “batch” client transactions for execution through other Financial Institutions with orders for other accounts managed by FIG Wealth (as described above). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, FIG Wealth may decline a client’s request to direct brokerage if, in the Firm’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

**Trade Aggregation**

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Transactions for each client will be effected independently, unless FIG Wealth decides to purchase or sell the same securities for several clients at approximately the same time. FIG Wealth may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and allocated among FIG Wealth’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which FIG Wealth’s Supervised Persons may invest, the Firm does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. FIG Wealth does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an

account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

## **Item 13. Review of Accounts**

### **Account Reviews**

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FIG Wealth monitors client portfolios on a continuous and ongoing basis and regular account reviews are conducted on at least an annual basis. Such reviews are conducted by the Firm's Principal, research team and/or investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with FIG Wealth and to keep the Firm informed of any changes thereto.

### **Account Statements and Reports**

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from FIG Wealth and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from FIG Wealth or an outside service provider.

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

The Firm does not currently provide compensation to any third-party solicitors for client referrals.

The Firm receives economic benefits from Schwab. The benefits, conflicts of interest and how they are addressed are discussed above in response to Item 12.

## Item 15. Custody

FIG Wealth is deemed to have custody of client funds and securities because the Firm is given the ability to debit client accounts for payment of the Firm's fees. As such, client funds and securities are maintained at one or more Financial Institutions that serve as the qualified custodian with respect to such assets. Such qualified custodians will send account statements to clients at least once per calendar quarter that typically detail any transactions in such account for the relevant period.

In addition, as discussed in Item 13, FIG Wealth will also send, or otherwise make available, periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from FIG Wealth. Any other custody disclosures can be found in the Firm's Form ADV Part 1.

### Standing Letters of Authorization

FIG Wealth also anticipates having custody due to clients giving the Firm limited power of attorney in a standing letter of authorization ("SLOA") to disburse funds to one or more third parties as specifically designated by the client. In such circumstances, the Firm will implement the steps in the SEC's no-action letter on February 21, 2017 which includes (in summary): i) client will provide instruction for the SLOA to the custodian; ii) client will authorize the Firm to direct transfers to the specific third party; iii) the custodian will perform appropriate verification of the instruction and provide a transfer of funds notice to the client promptly after each transfer; iv) the client will have the ability to terminate or change the instruction; v) the Firm will have no authority or ability to designate or change the identity or any information about the third party; vi) the Firm will keep records showing that the third party is not a related party of the Firm or located at the same address as the Firm; and vii) the custodian will send the client an initial and annual notice confirming the SLOA instructions.

## Item 16. Investment Discretion

FIG Wealth is given the authority to exercise discretion on behalf of some clients. FIG Wealth is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. FIG Wealth is given this authority through a power-of-attorney included in the agreement between FIG Wealth and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). FIG Wealth takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and

- When transactions are made; and
- The Independent Managers to be hired or fired.

## **Item 17. Voting Client Securities**

FIG Wealth does not accept the authority to vote a client's securities (i.e., proxies) on their behalf. Clients receive proxies directly from the Financial Institutions where their assets are custodied and may contact the Firm at the contact information on the cover of this brochure with questions about any such issuer solicitations.

## **Item 18. Financial Information**

FIG Wealth is not required to disclose any financial information listed in the instructions to Item 18 because:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.