

**Item 1 – Cover Page**

**The Fiduciary Group  
Part 2A of Form ADV  
Brochure**

310 Commercial Drive  
Savannah, GA 31406

(912) 303- 9000

[www.tfginvest.com](http://www.tfginvest.com)

March 26, 2023

This brochure provides information about the qualifications and business practices of The Fiduciary Group, LLC d/b/a/ The Fiduciary Group (“TFG,” “we” or the “Firm”). If you have any questions about the contents of this brochure, please contact TFG’s Chief Compliance Officer, Shanon Caddick, at 912-447-6869. 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 TFG is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 - Material Changes**

SEC-registered investment advisers are required to provide their clients with a summary of material changes to their Form ADV 2A brochure (“Brochure”) since the time of the last annual updating amendment and offer to provide the entire Brochure free of charge. Since the time of our last annual updating amendment, on March 24, 2022, we note the following:

Beginning in April 2022, TFG began helping clients obtain certain insurance solutions from unaffiliated, third-party insurance brokers by introducing clients to our affiliate, Focus Risk Solutions, LLC (“FRS”). FRS does not receive any compensation from such third-party insurance brokers from serving our clients. Further information on this service is available in Items 4, 5 and 10 of this Brochure.

TFG added risk disclosures involving the risks of investing in private investment funds. Please see Item 8 for more details.

We have made other minor changes to the Brochure. Clients are encouraged to review the Brochure in its entirety.

Clients may obtain a copy of our Brochure, free of charge, at any time by contacting us at: (912) 447-6869, or by e-mail at [shanon@tfginvest.com](mailto:shanon@tfginvest.com). Additional information about TFG is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### Item 3 - Table of Contents

Item 1 – Cover Page .....	1
Item 2 - Material Changes .....	2
Item 4 - Advisory Business .....	4
Item 5 - Fees and Compensation .....	7
Item 6 - Performance Based Fees and Side-by-Side Management .....	11
Item 7 - Types of Clients .....	11
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss.....	11
Item 9 - Disciplinary Information.....	15
Item 10 - Other Financial Industry Activities and Affiliations .....	15
Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .	18
Item 12 - Brokerage Practices .....	19
Item 13 - Review of Accounts.....	24
Item 14 - Client Referrals and Other Compensation .....	24
Item 15 - Custody .....	25
Item 16 - Investment Discretion .....	25
Item 17 - Voting Client Securities.....	26
Item 18 - Financial Information .....	27

## Item 4 - Advisory Business

### *History*

The Fiduciary Group, LLC (CRD #221530), succeeded to the advisory business of its predecessor Fiduciary Services Corporation d/b/a The Fiduciary Group (CRD #104731 / SEC # 801-9822) effective April 1, 2015, and continues to do business under the name of The Fiduciary Group (“TFG”). Originally founded in 1970, TFG continues the advisory business of the predecessor firm in all respects. The advisory services and management of TFG remain the same.

### *TFG Ownership Structure and Management*

TFG is part of the Focus Financial Partners, LLC (“Focus LLC”) partnership. Specifically, TFG is a wholly owned subsidiary of Focus Operating, LLC (“Focus Operating”), which is a wholly owned subsidiary of Focus LLC. Focus Financial Partners Inc. (“Focus Inc.”) is the sole managing member of Focus LLC and is a public company traded on the NASDAQ Global Select Market. Focus Inc. owns approximately two-thirds of the economic interests in Focus LLC.

Focus Inc. has no single 25% or greater shareholder. Focus Inc. is the managing member of Focus LLC and has 100% of its governance rights. Accordingly, all governance is through the voting rights and Board at Focus Inc.

Focus LLC also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, business managers and other firms (the “Focus Partners”), most of which provide wealth management, benefit consulting and investment consulting services to individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Form ADVs.

TFG offers clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions with the assistance of our affiliate, Focus Treasury & Credit Solutions (“FTCS”), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC. Please see Items 5 and 10 for a fuller discussion of these services and other important information.

TFG helps clients obtain certain insurance solutions from unaffiliated, third-party insurance brokers by introducing clients to our affiliate, Focus Risk Solutions, LLC (“FRS”), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC. Please see Items 5 and 10 for a fuller discussion of this service and other important information.

TFG is managed by TFG’s principals pursuant to a management agreement between TFG Partners, LLC (“TFG Partners”) and TFG. TFG Partners is 100% owned by TFG Principals: Malcolm Butler, President and CEO; Joel Goodman, Chief Investment Officer; and Scott McGhie, Director of Research and Portfolio Management, (“TFG Principals”). The TFG Principals serve as leaders and officers of TFG and are responsible for the management, supervision, and oversight of TFG, including control over advisory services, investment decisions, client services, and fees. Shanon Caddick serves as the Chief Compliance Officer (“CCO”) of TFG.

## *TFG Advisory Services*

TFG primarily provides wealth management services to high-net-worth individuals and families, and investment management services for trusts, estates, pension and profit-sharing plans, nonprofit organizations, and other legal entities. These accounts are managed as separately managed accounts. TFG also provides discretionary investment management services under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) Section 3(38) to participant-directed 401(k) plans. In addition, TFG offers fee-only financial planning services. Where requested, the principals of TFG accept appointments in their individual capacity as trustee, executor, and/or power of attorney.

### Separately Managed Accounts

We offer a wide range of services to our clients who own separately managed accounts. Our services include rendering of investment advice and counseling; investment management; asset allocation; selection and discretionary trading of equities, fixed income, and other instruments; and active portfolio management and review. TFG works with each client to establish an appropriate investment policy statement (IPS) based on the client’s objectives, unique circumstances, time horizon, and risk tolerance. Clients can impose reasonable restrictions on TFG’s management of their accounts. TFG generally invests client assets in domestic and international stocks, bonds, mutual funds, and exchange traded funds (“ETFs”).

### Participant-Directed 401(k) Plans

The Fiduciary Group is a fiduciary under ERISA with respect to investment management services and investment advice provided to ERISA plans, including ERISA plan participants. The Fiduciary Group is also a fiduciary under section 4975 of the Internal Revenue Code (the “IRC”) with respect to investment management services and investment advice provided to individual retirement accounts (“IRAs”), ERISA plans, and ERISA plan participants. As such, The Fiduciary Group is subject to specific duties and obligations under ERISA and the IRC that include, among other things, prohibited transaction rules which are intended to prohibit fiduciaries from acting on conflicts of interest. When a fiduciary gives advice in which it has a conflict of interest, the fiduciary must either avoid or eliminate the conflict or rely upon a prohibited transaction exemption (a “PTE”).

In performing fiduciary advisory services for participant-directed 401(k) plans, The Fiduciary Group is a Section 3(38) Investment Manager under ERISA. Fiduciary advisory services for 401(k) plans include:

1. Discretionary authority to select, monitor, remove, and replace the investment alternatives available to plan participants under the terms of the plan. TFG screens mutual funds using a proprietary filtering process based on generally accepted investment theories.
2. Discretionary authority to develop and amend a formal written Investment Policy Statement (IPS), which establishes the specific standards and processes for investment operations of the plan.

3. Construction and management of asset-allocation model portfolios from which participants may choose. These asset allocation model portfolios utilize the underlying investment options made available to plan participants. Models are constructed to provide a range of asset allocation models based on generally accepted investment theories.

TFG does not provide fiduciary investment advisory services to participants at a participant level, only at the plan level. However, TFG provides investment education and guidance to participants so that participants may choose an allocation strategy or portfolio from the available mutual funds that meets their needs, objectives, time horizon, and risk tolerance.

As a fiduciary, TFG has a duty of care and of loyalty to clients and are subject to obligations imposed on the firm by the federal and state securities laws. As a result, clients have certain rights that cannot be waived or limited by contract. Nothing in TFG's agreement with clients should be interpreted as a limitation of our obligations under the federal and state securities laws or as a waiver of any unwaivable rights clients possess.

#### Financial Planning Services

TFG offers fee-only financial planning services to assist clients in planning for and monitoring progress toward achieving their financial goals such as saving for retirement, funding a child's education, managing risk through insurance, managing cash-flow prior to and during retirement, and transferring wealth during lifetime and at death. After developing the plan, TFG works with the client to implement and monitor execution of the plan. TFG does not sell any products or receive any financial incentives from third parties tied to recommendations.

#### Trustee, Executor, and POA Appointments

When requested, the principals of TFG serve as trustee, executor, or power of attorney for clients. All fiduciary appointments as trustee or executor are held by the firm's principals individually, for a separately contracted fee.

When serving as trustee, the individual advisor performs all duties required under the terms of the special or general purpose trust. The trustee manages the trust assets for the beneficiaries according to the terms the grantor has set forth in the trust agreement. The trustee must use his or her best judgment to carry out the grantor's directions and prudently manage the trust assets for the beneficiary. The trustee also performs all administrative duties involved in managing the trust, including distribution of income to the beneficiary, trust accounting and reporting, and tax filing. As trustee, the individual advisor contracts with TFG to serve as discretionary investment manager for the trust assets. As power of attorney for clients, the Firm's principals approve the payment of bills and request checks and distributions to third parties on the client's behalf.

Our advisory personnel's service as trustee, executor or pursuant to power of attorney which gives them the authority to retain TFG to render investment advisory service presents a potential conflict of interest. However, we accept such appointments only upon the request of our clients. Additionally, when our firm's principals have the authority to appoint TFG as investment adviser, the trust or other relevant governing document authorizes the retention of our firm. When serving as executor, the individual advisor performs all acts required under the terms of the will including probating the will; identifying, gathering, managing, and protecting probate assets; determining

personal and estate tax liabilities; and distributing the estate and making final settlement among all beneficiaries according to the will or special instructions of the deceased.

### *Client Assets*

As of December 31, 2022, TFG managed \$1,333,455,984 in assets on behalf of approximately 630 households/legal entities and 1,473 separate accounts, of which \$1,314,057,670 was managed on a discretionary basis and \$19,398,314 was managed on a non-discretionary basis.

## **Item 5 - Fees and Compensation**

TFG charges an annual investment management fee based on the schedules listed below. Once a fee schedule has been signed by a client, it is not changed without prior notice to and consent by the client. Consent may be either positive or negative (“negative consent” being the failure to object to the proposed change within a defined period of time). Evidence of consent to such change shall be maintained in the Firm’s client account records.

Compensation for investment advisory services is payable only after service is provided on a quarterly basis, or semi-quarterly basis in the case of certain 401(k) plans. No advisory fees are payable in advance. All accounts are terminable at will at any time and fees are payable only for work performed prior to termination. Clients receive a statement each quarter, or semi-quarterly in the case of sponsors of certain 401(k) plans, itemizing fees and explaining the calculation. For most clients, fees are deducted automatically from assets under management after the end of each quarter or semi-quarter, simultaneous with the issuance of the fee statement. Fees for financial planning are quoted in advance, with half of the agreed amount paid at the time services are contracted, and the balance due at the time the plan is delivered.

### Separate Account Management Fee Schedule

The Investment Management services fee for both discretionary and non-discretionary accounts is an annual rate of 1.00% of the value of the account for assets up to \$1 million, and a tiered rate for balances over \$1 million as provided below, billed on a quarterly basis. Each account is revalued on the last day of each quarter and the account is billed for one-quarter of the total annual fee.

<b>The Fiduciary Group Standard Fee Schedule</b>						
		<b>Tier Rate and Tier End Fees</b>			<b>Cumulative at Tier End</b>	
<b>Tier Begin</b>	<b>Tier End</b>	<b>% Rate</b>	<b>\$ Rate</b>		<b>% Rate</b>	<b>\$ Rate</b>
\$ -	\$1,000,000	1.00%	\$10,000		1.00%	\$10,000
\$1,000,000	\$3,000,000	0.90%	\$18,000		0.93%	\$28,000
\$3,000,000	\$5,000,000	0.70%	\$14,000		0.84%	\$42,000
\$5,000,000	\$10,000,000	0.60%	\$30,000		0.72%	\$72,000
\$10,000,000	\$20,000,000	0.50%	\$50,000		0.61%	\$122,000
\$20,000,000	\$40,000,000	0.40%	\$80,000		0.51%	\$202,000
\$40,000,000	\$60,000,000	0.35%	\$70,000		0.45%	\$272,000
\$60,000,000	\$80,000,000	0.30%	\$60,000		0.42%	\$332,000
\$80,000,000	\$100,000,000	0.25%	\$50,000		0.38%	\$382,000
\$100,000,000	\$120,000,000	0.20%	\$40,000		0.35%	\$422,000

In certain circumstances, such as concentrated holdings with low cost basis (which will not be traded frequently), the nature of the particular duties involved with account management, length or nature of client relationship, or other unique factors, our fees are negotiable. Advisory fees for certain family members are discounted or, for immediate family, waived.

Bill pay services are available upon request for a fixed fee, starting at \$150 per quarter. The quoted quarterly fee may be higher, depending on the amount of work involved. In addition, a supplemental administrative fee will be charged on trust accounts where administrative duties are significant. Depending on the amount of assets under management and the complexity of personal transactions, the amount of the quarterly fee for bill pay and other administrative services will be negotiated appropriately. All fees for administrative and bill pay services will be quoted in writing in advance and approved by the client before the services are rendered.

In rare instances, due to the particular nature of the work requested by the client in non-managed or non-discretionary accounts, TFG will perform analyses and offer investment consultation for a fixed fee.

TFG charges fees quarterly in arrears based on the account value (including cash, accrued interest and the value of securities held on margin) at the end of the prior quarter. Most clients authorize TFG to deduct fees automatically from their brokerage accounts, but clients may request that TFG send quarterly invoices to be paid by check.

In all accounts, for marketable securities, the prices provided by custodians or, if unavailable, by publicly available sources, are used for client reporting and fee billing. While TFG makes every effort to obtain balances directly from the custodian of clients' assets, for certain accounts with outside brokers or custodians, TFG may request that the client regularly provide TFG with copies of client's account statements. In some instances, precise account balances are unavailable to TFG on a timely basis. TFG's billing in those situations is therefore based on the most current information available to TFG when fees are calculated. TFG does not independently value any private securities held in client accounts. The financial information provided on a regular reporting basis by the issuer of private securities will be used as the basis for client reporting and billing. This valuation is determined independently of TFG.

In addition to our fees, clients are responsible for fees, expenses and charges imposed by third parties in connection with the investment and maintenance of their assets. These fees, expenses and charges could potentially include brokerage commissions or securities transaction fees and other expenses and charges imposed by the client's custodian and/or broker-dealer, or custodial fees. Investment companies (mutual funds, ETFs, and private investment funds) in which a client's assets may be invested, and external managers of separately managed accounts, charge additional management fees and other expenses as described in the fund's prospectus, private offering memorandum, or Form ADV 2A brochure, as applicable. TFG does not receive any commissions from, or share revenues with, any mutual fund managers. TFG's fees are also separate from any custodial and trading or transaction-related fees and costs that clients will bear. Please see Items 10 and 12 for further information. Unless otherwise agreed, the minimum annual fee is \$5,000 per client relationship (\$1,250 per quarter).



### Participant Directed 401(k) Plan Fee Schedule

In the 401(k) plans for which TFG provides plan-level fiduciary investment management, the maximum fee is 0.80% for plans with up to \$1,000,000 in assets. The fee as a percentage of assets reduces as plan assets increase, per the following schedule:

<b>When Plan Assets Reach</b>	<b>Rate</b>
\$0 - \$999,999	0.80%
\$1,000,000 - \$1,499,999	0.75%
\$1,500,000 - \$1,999,999	0.70%
\$2,000,000 - \$2,499,999	0.65%
\$2,500,000 - \$2,999,999	0.60%
\$3,000,000 - \$3,499,999	0.55%
\$3,500,000 - \$4,499,999	0.50%
\$4,500,000 - \$5,499,999	0.45%
\$5,500,000 - \$6,499,999	0.40%
\$6,500,000 - \$9,999,999	0.35%
\$10,000,000 - \$14,999,999	0.30%
\$15,000,000 - \$19,999,999	0.25%
\$20,000,000 - \$24,999,999	0.20%
\$25,000,000 +	\$45,000 Flat Fee + 0.10% on Assets > \$25,000,000

In addition to TFG's investment management fees, 401(k) plans and plan participants bear record keeping, administrative, mutual fund management, and custodial fees, which are charged separately by other service providers in the 401(k) platform, as itemized in the fee disclosures. A description of mutual fund management fees and expenses is available in each fund's prospectus. TFG does not receive any commissions from, or share revenues with, mutual fund managers or any other service providers in the 401(k) platform. Commissions which are part of the mutual fund managers' expense are rebated to plan participants to offset plan expenses.

### Executor Fee Schedule

Executor fees are payable to the individual named executor. On all assets includable in the gross estate for federal estate tax purposes, the following maximum rates shall apply:

2.0% on the first \$ 400,000  
1.0% on the next \$ 600,000  
.50% on all over \$1,000,000

Valuation of assets is based upon amounts as finally determined for Federal estate tax purposes. Where Federal estate tax is not applicable, the valuation shall be fair market value at date of death.

### Trustee Fee Schedule

The annual fee for trustee services (payable to the individual named trustee) is 0.25% over and above the Investment Management services fee per the tiered rate schedule of TFG, and includes all normal and customary duties of the trustee associated with administering and reporting on the

trust account according to the terms of the trust. In addition, a supplemental trust administration fee will be charged where the bill pay, recordkeeping, and/or accounting and reporting duties are significant. The minimum annual fee for trust services is \$2,500. All fees are billed quarterly.

When special services are required for either estate or trust administration, appropriate reasonable additional charges will apply. Services not contemplated in our basic fee rates include, but are not limited to, litigation, operation or supervision of a going business, valuation, and other special services relating to assets with limited marketability and/or not passing under the will or trust document. If out of town travel is required, the account will be billed for reasonable travel and out-of-pocket costs. A 1% fee is charged on trust termination.

#### Financial Planning Services Fee Schedule

Fees for financial services are quoted in advance. Half of the agreed amount is due upon commencement of the plan, and half is due upon completion of the plan.

The customary financial planning fee is \$2,500. Depending on the client's needs and objectives, planning includes:

- Cash Flow Analysis
- Net Worth Analysis
- Retirement Planning
- Retirement Asset Accumulation and Depletion
- Savings and Liquidation Strategies
- Investment Strategies and Asset Allocation
- Life and Disability Coverage Analysis
- Monte Carlo Analysis

Customized plans for highly complex planning needs are available for a quoted fee based on an estimate of the work required.

Depending on the assets under management and the nature of the financial planning services required, financial planning services for current investment advisory clients are in certain instances included in the asset management fee.

TFG does not have any arrangements, oral or in writing, where it is paid in cash by or receives some economic benefit (including commissions, equipment, or non-research services) from a non-client in connection with giving advice to clients. TFG is not directly or indirectly compensated by any person for client referrals.

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions with the assistance of our affiliate, Focus Treasury & Credit Solutions ("FTCS"). FTCS does not receive any compensation from such third-party institutions from serving our clients. Further information on this conflict of interest is available in Item 10 of this Brochure.

TFG helps clients obtain certain insurance solutions from unaffiliated, third-party insurance brokers by introducing clients to our affiliate, Focus Risk Solutions, LLC (“FRS”), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC. FRS has arrangements with certain third-party insurance brokers (the “Brokers”) under which the Brokers assist our clients with regulated insurance sales activity. FRS does not receive any compensation from such third-party insurance brokers from serving our clients. Further information on this service is available in Item 10 of this Brochure.

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

TFG does not charge any performance fees.

Some investment advisers experience conflicts of interest in connection with the side-by-side management of accounts with different fee structures. However, these conflicts of interest are not applicable to TFG.

## **Item 7 - Types of Clients**

TFG primarily provides wealth management services to high-net-worth individuals and families, and discretionary investment management services to trusts, estates, pension and profit sharing plans, nonprofit organizations, and other legal entities. These accounts are managed as separately managed accounts. TFG also serves as a fiduciary investment advisor under ERISA Section 3(38) to participant-directed 401(k) plans. Where requested, the principals of TFG serve in their individual capacity as trustee, executor, and/or power of attorney.

The average “account size” (assets under management per consolidated household across all client relationships, including institutional accounts) as of December 31, 2022, was \$2.1 million. Unless otherwise agreed, TFG’s minimum entry asset size for separate account management is \$500,000. For 401(k) plans, unless otherwise agreed, the minimum entry asset level is \$1,000,000.

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

### Method of Analysis and Investment Strategies

The Investment Team collectively conducts fundamental analysis on securities recommended for client accounts. This analysis varies depending on the security in question. Sources for information include Bloomberg and Morningstar, among other global data or research providers; annual reports, prospectuses, and filings with the Securities and Exchange Commission; and financial newspapers, magazines, and on-line news sources. For stocks and bonds the analysis generally includes a review of:

- The issuer’s financial statements, including the balance sheet, income statement, cash flow statement;
- Prospects for the issuer’s industry, as well as the issuer’s competitive position within its industry;
- Valuation of the security; relative valuation to peer group; and historical valuation; and

- Any other factors considered relevant.

For mutual funds the analysis generally includes a review of:

- The fund's management team;
- The fund's historical risk and return characteristics;
- The fund's exposure to sectors and individual issuers;
- The fund's fee structure; and
- Any other factors considered relevant.

For ETF's the analysis generally includes a review of:

- The fund's historical risk and return characteristics;
- The fund's exposure to sectors and individual issuers;
- The fund's fee structure; and
- Any other factors considered relevant.

Where use of Separate Account Managers is warranted, the investment team conducts due diligence on the manager's investment strategy, risk-adjusted performance, style consistency, investment process, and other factors considered relevant.

The Investment Team regularly shares the recommendations with TFG's Investment Committee led by the Chief Investment Officer. The Investment Committee generally meets monthly to discuss existing and prospective investments. Investments are evaluated independently, as well as in the context of clients' existing holdings and sector exposures.

TFG tends to follow four general investment strategies with corresponding asset allocation targets: Capital Preservation; Income with Growth; Growth with Income; and Growth of Principal. Based on an understanding of the client's risk tolerance, liquidity and income needs, objectives, and time horizon, TFG will agree with the client on an overall Investment Policy Statement (IPS) which reflects one of those four strategies. The client's IPS is documented and entered into the portfolio management system.

The strategies are implemented in the clients' accounts using individual securities, mutual funds, and/or ETFs. Accounts with less than \$500,000 in assets are generally invested in mutual funds and ETFs and, with few exceptions, conform to model portfolios for each of those strategies. Accounts with over \$500,000 in investment assets are more customized and generally utilize individual securities to fill the large cap allocation, may utilize individual bonds, and will utilize mutual funds and ETFs to fill the satellite positions in international and emerging market securities, small and mid-cap markets, and some fixed income categories. We refer to these portfolios as "hybrid" portfolios due to the mix of individual securities and mutual funds/ ETFs. Though we seek overall consistency in allocation targets in all consolidated accounts with similar IPSs, individual holdings may vary depending on the timing of the investments, tax considerations, and client preferences.

The Investment Team trades all client accounts. The Investment Team seeks to sequence the review and trading of all accounts so as to be fair to all clients and ensure that no client or account is advantaged or disadvantaged over another. In general, the Investment Team seeks to review and/or trade all model portfolios (typically accounts with less than \$500,000 in investment assets)

at least annually or more frequently based on market conditions and/or individual client needs. The Investment Team seeks to review and/or trade all hybrid accounts quarterly. Simply because The Investment Team reviews an account does not mean that positions in the account will be traded. In addition, the advisor responsible for the client relationship reviews all client statements quarterly, before the statement is distributed to the client, and checks to make sure that the overall portfolio allocation is in line with the client's IPS. The advisor notes any changes that need to be made in the account and instructs the Investment Team to implement the changes.

The Investment Team seeks to invest cash in new accounts over a time period that is appropriate given the size of the account, market dynamics, and the needs of the clients.

TFG primarily invests for relatively long-time horizons. However, market developments could cause TFG to sell securities more quickly. On occasion, short term purchases (securities sold within a year) are used to implement investment strategies.

#### Risk of Loss – General

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

#### Potential Risks of Investing in Securities, Including Securities Purchased in Mutual Funds and ETFs

**Stock Market Risk** - Stock market risk is the possibility that stock prices overall will decline over short or extended periods. Markets tend to move in cycles, with periods of rising prices and periods of falling prices. Markets periodically experience recessions, panics, crashes and other periods of volatility that can cause substantial losses in the equity securities in clients' investment portfolios.

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

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

**Interest Rate Risk** - Bonds also experience market risk as a result of changes in interest rates. The general rule is that if interest rates rise, bond prices will fall. The reverse is also true: if interest rates fall, bond prices will generally rise. A bond with a longer maturity (or a bond fund with a longer average maturity) will typically fluctuate more in price than a shorter-term bond. Because of their very short-term nature, money market instruments carry less interest rate risk.

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

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

**Call Risk** - Many fixed income securities have a provision allowing the issuer to repay the debt early, otherwise known as a "call feature." Issuers often exercise this right when interest rates are low. Accordingly, holders of such callable securities may not benefit fully from the increase in value that other fixed income securities experience when rates decline. Furthermore, after a callable security is repaid early, a mutual fund would reinvest the proceeds of the payoff at current interest rates, which would likely be lower than those paid on the security that was called.

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

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

#### Private Investment Funds

TFG recommends that certain clients invest their assets in private investment funds, such as private equity funds. Private investment funds are generally illiquid, are less regulated than publicly traded securities, can be leveraged and are only appropriate for financially sophisticated investors with sufficient risk tolerance to withstand the loss of their investment in the fund. Clients are encouraged to carefully review the risk factors contained in the private offering memorandum for the relevant fund before they invest.

### Cybersecurity and Business Continuity Risks

The computer systems, networks and devices used by TFG and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons, and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

The transmission of COVID and efforts to contain its spread have resulted in border closings and other travel restrictions and disruptions, market volatility, disruptions to business operations, supply chains and customer activity and quarantines. With widespread availability of vaccines, the U.S. Centers for Disease Control and Prevention has revised its guidance, travel restrictions have started to lift, and businesses have reopened. However, the COVID pandemic continues to evolve and the extent to which our investment strategies will be impacted will depend on various factors beyond our control, including the extent and duration of the impact on economies around the world and on the global securities and commodities markets. Volatility in the U.S. and global financial markets caused by the COVID pandemic may continue and could impact our firm's investment strategies.

Although currently there has been no significant impact, the COVID outbreak, and future pandemics, could negatively affect vendors on which our firm and clients rely and could disrupt the ability of such vendors to perform essential tasks.

### **Item 9 - Disciplinary Information**

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

### **Item 10 - Other Financial Industry Activities and Affiliations**

TFG and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

TFG recommends to certain 401(k) clients or prospects the record keeping and third-party administrative services of Sentinel Benefits Group, LLC (“Sentinel”), which is an affiliate as it is also owned by Focus Operating, LLC. However, 401(k) advisory clients receive a proposal directly from, and contract separately with, Sentinel on an arm’s-length basis for those services if they so choose. No compensation or financial incentives of any kind are exchanged between TFG and Sentinel with regard to mutual clients.

TFG does not receive compensation or financial incentives of any kind from any third-party advisors, mutual funds, or Separate Account Managers it may recommend to clients.

### *Focus Treasury & Credit Solutions*

TFG offers clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions with the assistance of our affiliate, Focus Treasury & Credit Solutions, LLC (“FTCS”), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC. These third-party financial institutions are banks and non-banks (the “Network Institutions”) that offer credit and cash management solutions to our clients. Certain other unaffiliated third parties provide administrative and settlement services to facilitate FTCS’s cash management solutions. FTCS acts as an intermediary to facilitate our clients’ access to these credit and cash management solutions.

Neither TFG nor FTCS receives any compensation from the Network Institutions or any other third parties for providing credit or cash management solutions to our clients. For services provided by FTCS to clients of other Focus firms, FTCS receives a portion of the revenue earned by the Network Institutions, and such compensation to FTCS is also revenue for our common parent company, Focus Financial Partners, LLC. However, this compensation to FTCS does not come from credit or cash management solutions provided to any of our clients. The volume generated by our clients’ transactions does benefit FTCS and Focus in attracting, retaining, and negotiating with Network Institutions. TFG mitigates this conflict by: (1) fully and fairly disclosing the material facts concerning the above arrangements to our clients, including in this Brochure; and (2) offering FTCS solutions to clients on a strictly nondiscretionary and fully disclosed basis, and not as part of any discretionary investment services. Additionally, we note that clients who use FTCS’s services will receive product-specific disclosure from the Network Institutions and other unaffiliated third-party intermediaries that provide services to our clients.

We have an additional conflict of interest when TFG recommends FTCS to provide credit solutions to our clients because our interest in continuing to receive investment advisory fees from client accounts gives us a financial incentive to recommend that clients borrow money rather than liquidating some or all of the assets we manage.

### *Credit Solutions from FTCS*

For FTCS credit solutions, the interest rate of the loan is ultimately determined by the lender, although in some circumstances FTCS may have the ability to influence the lender to lower the interest rate of the loan. The final rate may be higher or lower than the prevailing market rate.



We can offer no assurances that the rates offered to you by the lender are the lowest possible rates available in the marketplace.

Clients retain the right to pledge assets in accounts generally, subject to any restrictions imposed by clients' custodians. While the FTCS program facilitates secured loans through Network Institutions, clients are free instead to work directly with institutions outside the FTCS program. Because of the limited number of participating Network Institutions, clients may be limited in their ability to obtain as favorable loan terms as if the client were to work directly with other banks to negotiate loan terms or obtain other financial arrangements.

Clients should also understand that pledging assets in an account to secure a loan involves additional risk and restrictions. A Network Institution has the authority to liquidate all or part of the pledged securities at any time, without prior notice to clients and without their consent, to maintain required collateral levels. The Network Institution also has the right to call client loans and require repayment within a short period of time; if the client cannot repay the loan within the specified time period, the Network Institution will have the right to force the sale of pledged assets to repay those loans. Selling assets to maintain collateral levels or calling loans may result in asset sales and realized losses in a declining market, leading to the permanent loss of capital. These sales also may have adverse tax consequences. Interest payments and any other loan-related fees are borne by clients and are in addition to the advisory fees that clients pay us for managing assets, including assets that are pledged as collateral. The returns on pledged assets may be less than the account fees and interest paid by the account. Clients should consider carefully and skeptically any recommendation to pursue a more aggressive investment strategy in order to support the cost of borrowing, particularly the risks and costs of any such strategy. More generally, before borrowing funds, a client should carefully review the loan agreement, loan application, and other forms and determine that the loan is consistent with the client's long-term financial goals and presents risks consistent with the client's financial circumstances and risk tolerance.

#### *Cash Management Solutions from FTCS*

For FTCS cash management solutions, as stated above, certain third-party intermediaries provide administrative and settlement services in connection with the program. Those intermediaries each charge a fixed basis point fee on total deposits in the program. Before any interest is paid into client accounts, the Network Institutions and certain unaffiliated third-party service providers take their fees out, and the net interest is then credited to clients' accounts. Engaging FTCS, the Network Institutions, and these other intermediaries to provide cash management solutions does not alter the manner in which TFG treats cash for billing purposes.

Clients should understand that in rare circumstances, depending on interest rates and other economic and market factors, the yields on cash management solutions could be lower than the aggregate fees and expenses charged by the Network Institutions, the intermediaries referenced above, and us. Consequently, in these rare circumstances, a client could experience a negative overall investment return with respect to those cash investments. Nonetheless, it might still be reasonable for a client to participate in the FTCS cash management program if the client prefers to

hold cash at the Network Institutions rather than at other financial institutions (e.g., to take advantage of FDIC insurance).

### *Focus Risk Solutions*

TFG helps clients obtain certain insurance products from unaffiliated insurance companies by introducing clients to our affiliate, Focus Risk Solutions, LLC (“FRS”), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC (“Focus”). FRS acts as an intermediary to facilitate our clients’ access to insurance products. FRS has agreements with certain third-party insurance brokers (the “Brokers”) under which the Brokers assist our clients with regulated insurance sales activity.

Neither TFG nor FRS receives any compensation from the Brokers or any other third parties for providing insurance solutions to our clients. For services provided by FRS to clients of other Focus firms, FRS receives a percentage of the upfront commission or a percentage of the ongoing premiums for policies successfully placed with insurance carriers on behalf of referred clients, and such compensation to FRS is also revenue for our common parent company, Focus Financial Partners, LLC. However, this compensation to FRS does not come from insurance solutions provided to any of our clients. The volume generated by our clients’ transactions does benefit FRS and Focus in attracting, retaining, and negotiating with the Brokers and insurance carriers. We mitigate this conflict by: (1) fully and fairly disclosing the material facts concerning the above arrangements to our clients, including in this Brochure; and (2) offering FRS solutions to clients on a strictly nondiscretionary and fully disclosed basis, and not as part of any discretionary investment services. Additionally, we note that clients who use FRS’s services will receive product-specific disclosure from the Brokers and insurance carriers and other unaffiliated third-party intermediaries that provide services to our clients.

The insurance premium is ultimately dictated by the insurance carrier, although in some circumstances the Brokers or FRS may have the ability to influence an insurance carrier to lower the premium of the policy. The final rate may be higher or lower than the prevailing market rate. We can offer no assurances that the rates offered to you by the insurance carrier are the lowest possible rates available in the marketplace.

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

TFG has adopted a written code of ethics that is applicable to all employees. Among other things, the code requires TFG and its employees to act in clients’ best interests, abide by all applicable regulations, avoid even the appearance of insider trading, and pre-clear and report on many types of personal securities transactions. TFG’s restrictions on personal securities trading apply to employees, as well as employees’ family members living in the same household. A copy of TFG’s code of ethics is available upon request.

TFG’s employees are generally permitted to trade alongside client accounts as long as they receive the average price that is applicable to clients and pay their share of any transaction costs. However, no employees are allowed to participate in partially filled orders until all clients’ orders

have been filled. The Chief Compliance Officer and Chief Investment Officer monitor employee trading, relative to client trading, in order to detect and prevent conflicts with client trades.

Preclearance from the Director of Research and/or the Chief Investment Officer, or a named designee, is required for any personal trades in reportable securities. TFG does not grant preclearance where it would appear that an employee's trading could disadvantage TFG's clients.

## **Item 12 - Brokerage Practices**

TFG evaluates and recommends "qualified custodians" (generally broker-dealers or banks), who are required under the Advisers Act to maintain physical custody of clients' assets. In evaluating and recommending broker-dealers to serve as custodians of client assets, we seek to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and services.

TFG seeks to identify the best balance of cost, service, and technology integration. We consider a wide range of factors, including, among others: capability to execute, clear, and settle trades; transaction costs and competitiveness of the price of services; breadth of investment products made available (stocks, bonds, mutual funds, ETF offerings); integration capability with TFG's trading, reporting, and compliance systems; diversity of account types; money market offerings; the client portal; the firm's differentiated value proposition; reputation, financial strength, and stability of the provider; capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment); and overall transaction costs for both small and large accounts.

TFG recommends that its clients use either Charles Schwab & Co., Inc. ("Schwab"), TD Ameritrade ("TD Ameritrade") or Fidelity Clearing & Custody Solutions ("Fidelity") to provide custody and execution services. The vast majority of existing accounts are held at Schwab. Because we saw advantages for clients to have multiple platforms from which to choose, we evaluated several alternatives and chose TDA and Fidelity as the additional custodians. In our view, there is no pure, objective methodology to decide which client belongs with which custodian, but rather a subjective assessment of each client and prospect, along with our knowledge of the custodians in use. We recommend the custodian whose service platform best fits with the needs of the client and the nature of the account.

We are independently owned and operated and are not affiliated with either Schwab, TD Ameritrade or Fidelity. TFG does not receive "soft dollar benefits" from the broker-dealers it recommends.

### *Products and Services Available to TFG from Schwab, TDA and Fidelity*

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like TFG. TD Ameritrade Institutional is TDA's business serving independent investment advisory firms like TFG. Fidelity Clearing & Custody Solutions® is Fidelity's business serving independent investment advisory firms like TFG. Each of these brokers/custodians provides TFG and its clients with access to its institutional

brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab, TD Ameritrade or Fidelity retail customers. Schwab, TD Ameritrade and Fidelity also make available various support services. Some of those services help TFG manage or administer clients' accounts, while others help TFG manage and grow its business. Schwab's support services generally are available on an unsolicited basis (TFG does not have to request them) and at no charge as long as TFG's clients collectively maintain at least \$10 million in assets at Schwab. If TFG's clients collectively have less than \$10 million in assets at Schwab, Schwab may charge TFG quarterly service fees of \$1,200. Given that TFG's clients collectively custody in excess of \$1 billion at Schwab, we believe that the \$10 million minimum is immaterial. TD Ameritrade does not impose an asset minimum to participate in its institutional platform. Fidelity may charge an additional platform fee of \$2,500 per quarter in the event that TFG's clients hold less than \$25 million in assets at Fidelity after the first year of engaging its services. Given that TFG's clients collectively custody in excess of \$170 million at Fidelity, we believe that the \$25 million minimum is immaterial.

Following is a more detailed description of Schwab's, TD Ameritrade's and Fidelity's support services:

#### *Services that Benefit Clients*

Schwab's, TD Ameritrade's and Fidelity's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab, TD Ameritrade and Fidelity include some to which TFG might not otherwise have access or that would require a significantly higher minimum initial investment by TFG's clients.

#### *Services that May Not Directly Benefit Clients*

Schwab, TD Ameritrade and Fidelity also make available other products and services that benefit TFG but may not directly benefit clients. These products and services assist TFG in managing and administering TFG's clients' accounts. Schwab, TD Ameritrade and Fidelity also make available software and other technology utilized by TFG that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of TFG's fees from TFG's clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting
- Assist with administering TFG's compliance program.

#### *Services that Generally Benefit Only TFG*

Schwab, TD Ameritrade and Fidelity also offer other services intended to help TFG manage and further develop its business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession

Schwab, TD Ameritrade and Fidelity may provide some of these services itself. In other cases, they will arrange for third-party vendors to provide the services to TFG. Schwab, TD Ameritrade and Fidelity may also discount or waive its fees for some of these services or pay all or a part of a third party's fees.

Our receipt of economic benefits from a custodian creates a potential conflict of interest since these benefits has the potential to influence the Firm's recommendation of custodians who provide over another that does not furnish similar software, systems support, or services. As a fiduciary investment advisor, TFG is obligated to act in the best interests of its clients and to place its clients' interests before its own. Although the decision as to where to custody their assets is ultimately made by the clients, TFG will only recommend to its clients that they custody their assets at a financial services firm that TFG believes is in the best interests of its clients.

#### Directed Brokerage

Clients may have a pre-established relationship with a broker and they will instruct TFG to execute all transactions through that broker. In directing the use of a particular broker or dealer, clients may lose out on certain benefits that may otherwise be obtained and it should be understood that TFG will not have authority to obtain volume discounts. Consequently, if the client selects its own broker or dealer to execute transactions for the client's account, the client may forfeit more favorable commission and execution rates and more favorable execution than would be the case if it utilized the broker or dealer recommended by TFG. Clients who direct that trades be placed through a selected broker may also be disadvantaged as to the time the trades are placed, in that if a particular security is being bought or sold for multiple client accounts, TFG will typically place all of the trades for clients at Schwab, TD Ameritrade and Fidelity before trades are placed through other brokers.

Most of the assets held in 401(k) plans for which The Fiduciary Group provides fiduciary investment management are held in custody at Charles Schwab Trust Company. Record keeping and third party administrative services are provided by either The Retirement Plan Company or Sentinel Benefits & Financial Group.

#### The Selection of Trading Counterparties

TFG can typically trade accounts held at Schwab, TD Ameritrade and Fidelity using other broker/dealers. However, Schwab, TD Ameritrade and Fidelity charges clients trade-away fees that TFG believes outweigh any benefits from trading stocks, mutual funds, or ETFs with other brokers. The availability and pricing of bonds varies more widely, so prior to placing a bond trade, TFG solicits bids from several dealers and then executes the trade with the dealer that offers sufficient liquidity and the most favorable pricing.

For clients who elect to have their accounts held by firms other than Schwab, TD Ameritrade or Fidelity, TFG's approach is generally to trade stocks, mutual funds, and ETFs with the chosen custodian.

### Best Execution Reviews

On at least an annual basis TFG's Chief Compliance Officer and other senior executives evaluate the pricing and services offered by Schwab, TD Ameritrade, Fidelity, and other trading counterparties with those offered by other reputable firms. TFG has sought to make a good-faith determination that Schwab, TD Ameritrade, Fidelity, and other chosen trading counterparties provide clients with good services at competitive prices.

### Aggregated Trades

Even though our trades tend not to move the markets and we typically review and trade accounts individually, we typically aggregate trades when executing a block trade.

When executing a block trade, the individual managing the trade will allocate the securities across the accounts, considering account size, diversification, cash availability, and other factors, including, where appropriate, the value of having a round lot in the portfolio.

All Fidelity clients participating in each aggregated order shall receive the average daily price regardless of submission time, but Schwab and TD clients participating in each aggregated order shall receive the average price consistent with the timing of the separate order. In rare instances where there is a material intraday movement we may use an average price for orders that were not originally aggregated.

Clients participating in a block trade receive the same average price and incur trading costs that are the same as would be paid if they were traded individually. Employees may be included side-by-side in bunched client trades.

TFG shall make every effort to formulate allocations on trade tickets prior to execution. If the entire order is filled, clients shall receive their portion of the allocation specified on the initial allocation.

In the event an order is "partially filled," the allocation shall be made in the best interests of all the clients in the order, taking into account all relevant factors, including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations. Normally, TFG seeks to ensure that accounts will get a pro-rata allocation based on the initial allocation. TFG will seek to complete any unfilled client orders on the next trading day. Employees are excluded from bunched trades whenever client orders are only partially filled.

### Client Referrals

TFG does not compensate Schwab, TD Ameritrade, Fidelity, or any other custodian or broker/dealer for referring client accounts.

### Soft Dollars

TFG does not engage in soft dollar arrangements.

### Trade Errors

TFG has implemented policies and procedures to ensure that the utmost care is taken in making and implementing investment decisions of behalf of client accounts. To the extent that any errors

occur, they are to be (a) corrected as soon as practicable and in such a manner that the client incurs no loss, (b) reported to the CCO, and (c) scrutinized carefully with a view toward implementing procedures to prevent or reduce future errors, if necessary.

In the event of a trade error loss on Schwab:

- If the gain or loss is less than \$100, Schwab absorbs the gain or loss;
- If the loss is greater than \$100, TFG reimburses Schwab and will book the charge against its operating expenses;
- If the gain is greater than \$100, Schwab donates the gain to charity.

In the event of a trade error on TD Ameritrade or Fidelity, TFG will reimburse clients for all losses. An Advisor Error Account is used by TD Ameritrade and Fidelity to facilitate a process to make the client whole. The Advisor Error Account nets gains against losses on corresponding buys and sells made on the same trading day. TFG is not entitled to retain "net gains" from Advisor Error Account trade corrections. "Net gains" are defined as positive balances resulting from any and all trade corrections processed the same business day. Any positive balances will be swept from the Advisor Error Account the next business day by TD Ameritrade and distributed to charity or at the end of the quarter by Fidelity.

#### Valuation of Securities

To the extent possible, TFG will always rely on independent 3<sup>rd</sup> party pricing for publicly traded, daily valued securities (primarily the broker and if pricing is not available from broker, from an independent provider such as Yahoo Finance). If a pricing issue arises that is not covered by these procedures, TFG's portfolio managers shall use its best efforts and all appropriate means to obtain all relevant information in order to determine a fair value. If it is deemed necessary or prudent, TFG may hire an independent third party to provide an appraisal of the security. For situations in which neither an exchange nor a broker, dealer or market maker issues a price for a security, TFG shall follow "fair valuation" procedures as discussed below.

The valuation of investments for which there is no readily available pricing information is a highly judgmental process, which cannot be subjected to a simple mechanistic formula. The most critical factors are that valuations must be prepared with integrity and based on a common-sense approach. In general, the "fair value" of a portfolio security is defined as the price a client might reasonably expect to receive from the sale of a security in the normal course of business to an arm's-length buyer. Fair value is not meant to be based on what can be obtained from an immediate "fire sale" disposition, nor on what a buyer might pay at some later time, such as when the market ultimately realizes the security's true value as currently perceived by the portfolio manager. Rather, the fair valuation methodologies employed by TFG shall attempt to represent the amount at which an asset could be acquired or sold in a current transaction between willing parties in which the parties each acted knowledgeably, prudently, and without compulsion. Valuation of real estate investments are generally determined by annual tax assessments. Life insurance and annuity contracts are normally updated annually based on independent valuations provided by the insurer's statement. Notes and partnerships are usually valued based on the original amount of the indebtedness less payments and plus interest where applicable. We attempt to value closely held securities based on an independent source such as the Board's valuation, buy back offer, or book value.

## **Item 13 - Review of Accounts**

Accounts under TFG's management are monitored on an ongoing basis by the investment advisors and the Chief Compliance Officer. The investment advisors review each account in detail at least annually, as well as in connection with each client meeting. On at least a quarterly basis the lead investment advisor reviews the clients' quarterly portfolio appraisal reports, including reports that are designed to identify accounts that are outside the expected ranges for returns, exposure to asset classes, and exposure to industry sectors. Reviews of client accounts will also be triggered if a client changes his or her investment objectives, or if the market, political, or economic environment changes materially.

Mutual fund positions are monitored on a monthly basis, or intra-monthly if circumstances, such as the departure of a fund manager, arise. If a fund is replaced in the investment line-up of the 401(k) plans we manage, it is changed out in all portfolios holding that position.

TFG provides quarterly portfolio appraisal reports for all separate account management clients, unless the client requests an appraisal report on a monthly basis. Quarterly reports include asset allocation, portfolio values, cost basis, unrealized gain/loss, time weighted return performance, change in value since last reported period, management fee report, and a summary transaction report of any receipts and disbursements. TFG's investment advisors review all client portfolio appraisals before they are distributed, to determine whether the account is in line with expectations and the IPS, and to define the action, if any, to be taken during the following quarter. The Chief Compliance Officer conducts an independent review of the reports.

Clients receive at least quarterly statements from their qualified custodian reflecting all balances and transactions. In 401(k) plans for which TFG serves as the fiduciary investment advisor, the record keeper provides quarterly reports to the plan sponsor and all participants, as well as daily valued account information via their participant and plan sponsor access website.

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

TFG does not pay any portion of its advisory fees to anyone in connection with the referral of a client to TFG. TFG does not share its fee with anyone, nor does TFG share in the fees of any service providers or professionals whom it recommends to clients or with whom it collaborates or works on a client's behalf. Other than the previously described products and services that TFG receives from Schwab, Fidelity and TD Ameritrade, TFG does not receive any other economic benefits from non-clients in connection with the provision of investment advice to clients.

TFG's parent company is Focus Financial Partners, LLC ("Focus"). From time to time, Focus holds partnership meetings and other industry and best-practices conferences, which typically include TFG, other Focus firms and external attendees. These meetings are first and foremost intended to provide training or education to personnel of Focus firms, including TFG. However, the meetings do provide sponsorship opportunities for asset managers, asset custodians, vendors and other third-party service providers. Sponsorship fees allow these companies to advertise their products and services to Focus firms, including TFG. Although the participation of Focus firm personnel in these meetings is not preconditioned on the achievement of a sales target for any conference sponsor, this practice could nonetheless be deemed a conflict as the marketing and



education activities conducted, and the access granted, at such meetings and conferences could cause TFG to focus on those conference sponsors in the course of its duties. Focus attempts to mitigate any such conflict by allocating the sponsorship fees only to defraying the cost of the meeting or future meetings and not as revenue for itself or any affiliate, including TFG. Conference sponsorship fees are not dependent on assets placed with any specific provider or revenue generated by such asset placement.

The following entities have provided conference sponsorship to Focus from January 1, 2022 to March 1, 2023:

Orion Advisor Technology, LLC  
TriState Capital Bank  
StoneCastle Network, LLC  
Charles Schwab & Co., Inc.  
BlackRock, Inc.  
Fidelity Brokerage Services LLC  
Fidelity Institutional Asset Management LLC

You can access a more recently updated list of recent conference sponsors on Focus' website through the following link:

<https://focusfinancialpartners.com/conference-sponsors/>

## **Item 15 - Custody**

TFG is deemed to have legal custody over client assets when TFG has authority to debit client fees from their custodial accounts, when clients give TFG the authority pursuant to standing letters of authorization ("SLOA") to instruct account custodians to transfer client assets to third parties, and when TFG personnel serve as trustee for or hold a general power of attorney over the assets of advisory clients. We are required under the custody rule to obtain verification of client assets over which we have custody, except where exempted by the rule or where the SEC has provided no action relief from the verification requirement. Clients may view copies of the verification reports under our Firm's report on the SEC website, at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements and should compare them to any account information provided by TFG.

## **Item 16 - Investment Discretion**

TFG has investment discretion over most clients' accounts. Clients grant TFG trading discretion through TFG's advisory contract. This means that TFG has the client's authority to determine, without obtaining specific client consent, the securities to be bought and sold, the amount of securities to be bought and sold, the broker or dealer to be used, and the commission rates paid.

In rare instances, TFG will serve as a non-discretionary investment advisor. In those cases, a special addendum to the contract is executed stating that the relationship is a non-discretionary relationship, which means that trades cannot be placed except under the client's advance consent. Clients can place reasonable restrictions on TFG's investment discretion. For example, some clients have asked TFG not to buy securities issued by companies in certain industries, or not to sell certain securities where the client has a particularly low tax basis.

## **Item 17 - Voting Client Securities**

We accept the authority to vote proxies for clients and, accordingly, have adopted and implemented written policies and procedures governing the voting of client securities.

TFG considers the reputation, experience, and competence of a company's management and board of directors when it evaluates a prospective investment. In general, TFG votes in favor of routine corporate matters, such as the re-approval of an auditor or a change of a legal entity's name. TFG also generally votes in favor of compensation practices and other measures that are in-line with industry norms, that allow companies to attract and retain key employees and directors, that reward long-term performance, and that align the interests of management and shareholders.

TFG has not identified any material conflicts of interest in connection with past proxy votes. Such a conflict could arise if, for example, a client was a senior executive with a publicly traded company and other clients held securities issued by that company. Absent specific client instructions, if TFG identifies a material conflict of interest it will follow the procedures outlined in its proxy voting policies.

A copy of TFG's proxy voting policies and procedures, as well as specific information about how TFG has voted in the past, is available upon written request. Upon written request, clients can also take responsibility for voting their own proxies, or can give TFG instructions about how to vote their respective shares.

### Class Actions Service

TFG has adopted and implemented written policies and procedures governing the submission of Class Action Claims. All class action claims will be treated in accordance with these policies and procedures.

TFG delegates to Broadridge Global Securities Class Action Recovery Service the responsibility for identifying and filing securities class action settlement claims on behalf of client accounts for cases in which the client is eligible to participate. Broadridge will provide the following services:

- Annual analysis of trading data to identify the holders of any securities that are covered by a class action award, and file claims on behalf of those eligible to participate.
- Track and monitor settlement claims to ensure that they are paid in an accurate and timely fashion.
- Enable clients to take part in both U.S. and Global securities class action settlements.
- Allow clients to recover the maximum amount to which they are entitled.

Clients will automatically be covered by the Broadridge Class Action service, unless they wish to opt out of this service. There is no cost to the client or TFG for this service if no reward is obtained. In the event of a recovery, as compensation for its services, Broadridge will receive 20% of any award they recover on the client's behalf. TFG believes this is the most efficient and effective way for clients' class action award claims to be administered.

## **Item 18 - Financial Information**

TFG has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts. Therefore, TFG has no disclosure relevant to this item.