

## Item 1 Cover Page

Financial Gravity Asset Management, Inc.  
Firm CRD #144008

Form ADV Part 2A – Disclosure Brochure

Effective: November 28, 2023

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**This Brochure provides information about the qualifications and business practices of Financial Gravity Asset Management, Inc. If you have any questions about the contents of this Brochure, please contact us at (800) 588-3893.**

**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. Registration as a registered investment advisor does not imply a certain level of skill or training.**

**Additional information about Financial Gravity Asset Management, Inc, CRD #144008 also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of Financial Gravity Asset Management, Inc. ("FG Asset Management") on 12/08/2022 are described below. This list summarizes changes to policies, practices, or conflicts of interests only.

1. Sofos Investment Management, Inc., has updated their Assets Under Management (Item 4).
2. Updated Item 12 to add additional Custodian.

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## Item 4: Advisory Business

### Description of the Advisory Firm

This firm has been in business since May of 2007, and the principal owner is Financial Gravity Companies, Inc. ("FGC") (OTCQB: FGCO).

### Types of Advisory Services

Financial Gravity Asset Management, Inc. (hereinafter "FG Asset Management") offers the following services to advisory clients:

#### ***Investment Supervisory Services***

FG Asset Management offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Asset selection
- Regular portfolio monitoring
- Asset location optimization when applicable
- Tax lot harvesting when requested

FG Asset Management endeavors to provide clients with risk appropriate investment management but using our Real Risk System. Real Risk is defined as the percentage decline of an investment from peak to trough. Each investor has a Real Risk Tolerance, and each portfolio of investments has a Real Risk Score. The client's Real Risk Tolerance, meaning maximum amount of Real Risk a client is willing to take with the investments to be managed, is measured using the Risk Meter, a proprietary software designed to help clients understand and consider the relationship between expected risk and expected return. The highest level of Real Risk available is 50% and the lowest is zero. FG Asset Management recommends portfolios whose Real Risk Score is equal to or less than the client's Real Risk Tolerance. FG Asset Management will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Real Risk Tolerance is documented in the Investment Policy Statement, which is given to each client.

#### **Selection of Other Advisors**

FG Asset Management may direct clients to appropriate third-party money manager(s). FG Asset Management will be compensated via a fee share from these advisors to which it directs clients. This relationship will be disclosed in each contract between FG Asset Management and the third-party money manager, and each client will receive full disclosure of the relationship. The fees shared will

not exceed any limit imposed by any regulatory agency. Before selecting other advisors for clients, FG Asset Management will always ensure those other advisors are properly licensed or registered as investment advisor(s).

### **FG Asset Management Strategies**

All strategies are managed by FG Asset Management's Investment Committee chaired by Chief Investment Officer William R. Nelson, PhD.

We feel 4 Alpha invests in individual equities and focuses on dominant companies, loved brands, and great products that are understandable, inspire confidence, and are on the right side of long-term trends.

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

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

The three 4 Beta strategies invest in-cost Exchange-Traded Funds ("ETFs").

4 Beta Taxable Fixed Income diversifies across corporate and sovereign; USA and foreign; short, medium, and long duration; and investment grade to high yield with the objective of earning an efficient risk adjusted return.

The 4 strategies are typically blended, often along with insurance products, to accommodate the client's Real Risk Tolerance.

FG Asset Management strives to manage the different models in a low turnover, tax-efficient manner. Additional tax-efficiencies may be gained through location optimization which places securities from the same household in different account types taxed, tax-deferred, and after tax based upon security type (like equity or fixed income) and yield. This strategy only applies to households whose accounts have more than one tax treatment governed by the same investment policy statement.

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

FG Asset Management is a proprietary investment advisory program and the Advisor may benefit financially by recommending these programs over other programs that are not managed by the advisor but any recommendation made by the Advisor should be in the client's best interest and not based on the interests of the Advisor.

Additionally, the Representative acting as a solicitor for the proprietary programs may own stock in or may be a participant in a stock option or stock appreciation plan sponsored by FGC ("Stock Ownership"). Representatives may benefit from placing assets with the Manager in that the value of the FGC stock may be enhanced by such placement. In approving the investment of funds in a Manager Portfolio, Clients should consider whether Representative's recommendation is influenced by the Stock Ownership. The full extent of the relationship between FCG and Financial Professional is described in Financial Professional's ADV.

### **Transition Services**

From time to time, FG Asset Management may provide transition services for the management of a client's current portfolio and transition it to a FG Asset Management Strategies over time. Transition times will vary and could take several years to complete based on various client specific reasons for example as taxation.

### **Financial Planning**

FG Asset Management will allow Investment Advisor Representatives to offer financial planning for a fee if the client is given a detailed contract outlining the services from the Advisor. The Investment Advisor Representative is responsible for completing this document which will outline the fees that can be charged along with a detailed list of the services. This client will need to be recorded in the CRM as a client and complete the required documents just like any other wealth client.

### **Private Placements**

Our affiliated Representatives may refer to private placement products. Private placements can carry a substantial risk and should adhere to the overall philosophies of FG Asset Management.

### **Tax Advice Policy**

Representatives may reference common tax features associated with specific accounts or products offered by or through FG Asset Management (e.g., tax deferral associated with IRAs or tax-free benefits of insurance products, ie death benefits), but may not provide individualized tax advice in connection with the recommendation of such accounts or products. In connection with services being provided by or through FG Asset Management, representatives may not recommend any tax strategy or engage in any conduct that would cause the representative or FG Asset Management to be a

“material advisor” as defined by the IRS. Representatives may not recommend or participate in any way in the formation or execution of an IRS “transaction of interest,” IRS “listed transaction,” or potentially abusive tax structure.

### **Services Limited to Specific Types of Investments**

FG Asset Management limits its investment advice and/or money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, real estate, hedge funds, third party money managers, REITs, private placements, government securities. FG Asset Management may use other securities as well to help diversify a portfolio when applicable.

### **Client Tailored Services and Client Imposed Restrictions**

FG Asset Management offers the same suite of services to all its clients. However, specific investment allocations and their implementation are dependent upon the client Investment Policy Statement which outlines each client’s current Real Risk Tolerance and provides a risk appropriate portfolio.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent FG Asset Management from properly servicing the client account, or if the restrictions would require FG Asset Management to deviate from its standard suite of services, FG Asset Management reserves the right to end the relationship.

### **Wrap Fee Programs**

FG Asset Management does not participate in a wrap fee program and no transaction costs are wrapped in the program fees.

### **Amounts Under Management**

FG Asset Management has the following assets under management as calculated in the last ADV filing:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$290,599,160	\$0	09/31/2023

## **Item 5: Fees and Compensation**

### **Fee Schedule**

#### **FG Asset Management Programs**

For investment advisory models managed within the FG Asset Management Program, clients will be charged an asset-based fee that covers advisory, custodial, portfolio management, and certain reporting services. Accounts are billed monthly in arrears based on the average daily balance of

program-eligible assets. The fee includes the Financial Professional's fee, which is typically negotiated between the Investment Advisor Representative and client. The amount agreed upon will be charged as stated in the client agreement and will not exceed the maximum annual amount of 2.00%.

The fee includes the Program fee, which is typically negotiated among the program sponsor, Investment Advisor Representative, and client as stated in the client agreement. The amount agreed upon will be charged as stated in the client agreement and will not exceed the maximum annual program fee of 0.65%.

Total Assets	Annual Fee
All Assets	Negotiable with a 0.65% maximum

These material changes were made on March 1st, 2023 and accounts opened prior to this change will be charged in conjunction to their client agreement based on their model allocation with the annual program fee for the 4 Alpha model being .55% while the program fee for the 4 Beta Equity and Taxable Fixed Income models at .35%, and the Dependable Return Model 0.15%. Refer to prior client agreement for blended model and breakpoint details.

Clients may terminate their contracts without penalty, for full refund, within 5 business days of signing the advisory contract. Thereafter, clients may terminate their contracts with ten days written notice.

Fees are calculated by a third-party platform. FG Asset Management and advisory fees will be billed using the average of the daily closing market values of the account during the month multiplied by the applicable annual percentage divided by twelve. The fees are aggregated and charged as one fee, please refer to your monthly custodial statement provided by the Custodian.

### Payment of Fees

FG Asset Management and Advisory fees are paid monthly in arrears. Fees are withdrawn directly from the client's accounts with Client written authorization and FG Asset Management will therefore:

- A. Possess written authorization from the client to deduct advisory fees from an account held by a qualified custodian.
- B. Use a custodian that sends at least quarterly statements.
- C. Use a custodian that has online access to statements.

### Clients Are Responsible For Third Party Fees

Clients are responsible for the payment of all third-party fees (i.e., custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by FG Asset Management. Please see Item 12 of this brochure regarding broker/custodian.

### Prepayment of Fees

FG Asset Management collects its portfolio management fees in arrears.

### Outside Compensation For the Sale of Securities to Clients

Investment Advisor Representatives of FG Asset Management may also be licensed insurance agents and, in this role, accept compensation for the sale of insurance products to FG Asset Management clients. This presents a conflict of interest and gives the supervised persons an incentive to recommend insurance based on the compensation received rather than on the client's needs. However, each Investment Advisor Representative is required to base insurance sales on the best interest of the clients and based on FG Asset Management's investment philosophy seen in Item 8 of this brochure.

To help mitigate the conflict of interest, FG Asset Management always attempts to act in the best interest of the client consistent with its fiduciary duty and uses and presents the firm's investment methodology outlined in Item 8. Additionally, clients will always have the right to purchase FG Asset Management-recommended products through other brokers or agents that are not affiliated with FG Asset Management.

In addition, supervised persons will only offer insurance products to clients in the respective states in which the supervised person is properly licensed as an insurance agent.

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

FG Asset Management does not accept performance-based fees nor other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

FG Asset Management generally provides investment advice and/or management supervisory services to the following Types of Clients:

- Individuals
- Business Owners
- Entrepreneurs
- High-Net-Worth Individual

There is \$25,000 account minimum but may be waived under certain circumstances at the discretion of FG Asset Management

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

### Methods of Analysis and Investment Strategies

#### **Methods of Analysis**

FG Asset Management uses fundamental, long-term trend, and economic moat analysis.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

#### **Control the Controllable™**

We work to control what can be controlled. An analogy we use is don't try to control the weather, take an umbrella. There are 5 areas we look to control for our clients.

- Costs – 4 Alpha focuses on directly owned equities and 4 Beta strategies invest in ETFs that for which the expense ratio is scrutinized.
- Taxes – Reduce Tax Friction which comes from aggressive turnover in a portfolio.
- Volatility – We can't control the volatility of the market; we can manage the volatility of the portfolio.
- Overconcentration – We seek proper diversification to help increase the risk adjusted return.
- Risk – The Real Risk System is used to measure the investors' Real Risk Tolerance and provide a blend of strategies with an appropriate Real Risk Score.

### Material Risks Involved

#### **Methods of Analysis**

FG Asset Management offers four strategies 4 Alpha, 4 Beta Dependable Return, 4 Beta Equity, and 4 Beta Taxable Fixed Income. These four strategies are typically blended into a portfolio that is appropriate for the investor's risk tolerance and/or cash flow requirements.

4 Alpha is typically 30 to 40 individual stocks that we consider to be dominant companies with strong brands on the right side of long term trends, such as the growing middle class, the increasing influence of technology, the electrification of vehicles, and the decline of fossil fuel use.

All 4 Beta strategies contain ETFs that follow a modern portfolio methodology focused on broad diversification within the mandated asset category. 4 Beta Dependable return contains a variety of shorter term fixed income ETFs. 4 Beta Equity contains a variety of domestic and international equity ETFs typically with a tilt toward value and small cap companies relative to what a market cap portfolio would own, in large part to counterbalance the more large capitalization and growth oriented

approach of 4 Alpha. 4 Beta Taxable Fixed Income contains a wide range of issuers including, but not limited to, the US Treasury, foreign governments, investment grade corporate bonds, and high yield securities. The average duration of the portfolio tends to be a bit less than a total bond market index.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

#### Risks of Specific Securities Utilized

FG Asset Management generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of this advisory business or the integrity of our management.

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

#### Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither FG Asset Management nor its representatives are registered as a FCM, CPO, or CTA.

#### Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

Investment Advisor Representatives of FG Asset Management can hold additional licenses and/or registrations. Please refer to the individual's disclosure document for additional information.

To help mitigate the conflict of interest, all supervised persons agree to adhere to the guidelines of FG Asset Management that always acts in the best interest of the client consistent with its fiduciary duty. Moreover, supervised persons will only offer insurance products to clients to FG Enhanced Markets.

#### Registration as a Broker/Dealer or Broker/Dealer Representative

FG Asset Management and its representatives are not registered as a broker/dealer or as representatives of a broker/dealer.

## [Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections](#)

FG Asset Management will direct clients to various third-party money manager(s). This relationship will be disclosed in each contract between FG Asset Management and the third-party money manager. The fees shared will not exceed any limit imposed by any regulatory agency. This creates a conflict of interest in that FG Asset Management has an incentive to direct clients to the third-party money managers that provide FG Asset Management with a larger fee split. FG Asset Management will always act in the best interests of the client, including when determining which third party manager to recommend to clients.

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

### [Code of Ethics](#)

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Clients may request a copy of our Code of Ethics from management.

### [Recommendations Involving Material Financial Interests](#)

FG Asset Management does not recommend that clients buy or sell any security in which a related person to FG Asset Management has a material financial interest.

### [Investing Personal Money in the Same Securities as Clients](#)

From time to time, representatives of FG Asset Management may buy or sell securities for themselves that they also recommend to clients and may do so at or around the same time as clients. This may provide an opportunity for representatives of FG Asset Management to buy or sell the same securities before or after recommending securities to clients, resulting in representatives profiting off the recommendations they provide to clients. Such transactions create conflicts of interest. To address these conflicts of interest, FG Asset Management will always document any such transactions and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold. Moreover, FG Asset Management will always act in the best interest of the client consistent with its fiduciary duty.

### Trading Securities At/Around the Same Time as Clients' Securities

From time to time, representatives of FG Asset Management may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of FG Asset Management to buy or sell the same securities before or after trading securities for clients, resulting in representatives profiting off the recommendations they provide to clients. Such transactions create conflicts of interest. To address these conflicts of interest, FG Asset Management will always document any such transactions and will never engage in trading that operates to the client's disadvantage when trading at or around the same time as client accounts. Moreover, FG Asset Management will always act in the best interest of the client consistent with its fiduciary duty.

## **Item 12: Brokerage Practices**

### Factors Used to Select Custodians and/or Broker/Dealers

Custodians/broker-dealers will be recommended based on FG Asset Management's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and FG Asset Management may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in FG Asset Management's research efforts. FG Asset Management will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian. The Advisor recommends Charles Schwab & Co., Inc. and Axos Financial, Inc. as their main Custodians. As needed, we also have a relationship with Community National Bank ("CNB"), Fidelity, and FOLIOfn Investments.

#### **1. Research and Other Soft-Dollar Benefits**

While FG Asset Management has no formal soft dollars program in which soft dollars are used to pay for third party services, FG Asset Management may receive research, products, or other services from its broker/dealer in connection with client securities transactions ("soft dollar benefits") and may consider these benefits in recommending brokers. There can be no assurance that any particular client will benefit from any particular soft dollar research or other benefits. FG Asset Management benefits by not having to produce or pay for the research, products or services, and FG Asset Management will have an incentive to recommend a broker dealer based on receiving research or services. Clients should be aware that FG Asset Management's acceptance of soft dollar benefits may result in higher commissions charged to the client.

#### **2. Brokerage for Client Referrals**

FG Asset Management receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### **3. *Clients Directing Which Broker-Dealer/Custodian to Use***

FG Asset Management will not allow clients to direct FG Asset Management to use a specific Custodian to execute transactions. Clients must use FG Asset Management's recommended custodian (broker-dealer). Not all investment advisers require their clients to use a specific Custodian. By requiring clients to use our specific custodian, FG Asset Management may be unable to achieve the most favorable execution of client transactions, and this may cost clients' money over using a lower-cost custodian.

### **Aggregating (Block) Trading for Multiple Client Accounts**

FG Asset Management maintains the ability to block trade purchases across accounts. While block trading may benefit clients by purchasing larger blocks in groups, we do not feel that the clients are at a disadvantage due to the best execution practices of our custodian.

## **Item 13: Reviews of Accounts**

### **Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed periodically by the Chief Compliance officer or other firm assigned personnel. Accounts are rebalanced as needed and reviewers are instructed to review clients' accounts with regard to their investment policies and risk tolerance levels.

### **Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations, such as retirement, termination of employment, physical move, or inheritance.

### **Content and Frequency of Regular Reports Provided to Clients**

FG Asset Management does not provide regular reports to clients, written or otherwise.

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

### **Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

FG Asset Management also has access to soft dollar benefits (as described in Item 12 above) and economic benefits provided by custodians.

### **Compensation to Non -Advisory Personnel for Client Referrals**

FG Asset Management does not provide any compensation to any persons who are not duly registered as an investment advisor representative for client referrals.

## **Item 15: Custody**

### Investment Supervisory Services Accounts

FG Asset Management does not have custody other than via direct fee deduction. When advisory fees are deducted directly from client accounts at client's custodian, FG Asset Management will follow the procedures below.

- A. Possess written authorization from the client to deduct advisory fees from an account held by a qualified custodian.
- B. Use a custodian that sends at least quarterly invoices.
- C. Send the qualified custodian written notice of the amount of the fee to be deducted and send the client a written invoice itemizing the fee upon or prior to fee deduction, including the formula used to calculate the fee, the time period covered by the fee, and the amount of assets under management on which the fee was based.

Clients will receive account statements from the custodian and should carefully review those statements.

### Selection of Other Advisors Accounts

The third-party adviser, rather than FG Asset Management, sends the client statements for these accounts. FG Asset Management does not have custody over these accounts.

## **Item 16: Investment Discretion**

For those client accounts where FG Asset Management provides ongoing supervision, FG Asset Management maintains limited power of authority over client accounts with respect to securities to be bought and sold and the amount of securities to be bought and sold. All buying and selling of securities is explained to clients in detail before an advisory relationship has commenced.

## **Item 17: Voting Client Securities (Proxy Voting)**

FG Asset Management will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### Balance Sheet

FG Asset Management does not require nor solicit prepayment of more than \$500 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither FG Asset Management nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

### Bankruptcy Petitions in Previous Ten Years

FG Asset Management has not been the subject of a bankruptcy petition.