

**Item 1 – Cover Page**

# FCG Wealth Management, LLC

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**September 18, 2017**

This Part 2A Appendix 1 of Form ADV: Wrap Fee Program Brochure (“Brochure”) provides information about the qualifications and business practices of FCG Wealth Management, LLC (“FCG Wealth”). If you have any questions about the contents of this Brochure, please contact Francis Gilkes (973) 635-7374 or [fgilkes@fcgadvisors.com](mailto:fgilkes@fcgadvisors.com).

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

FCG Wealth is a registered investment advisor. Registration with the SEC does not imply that an investment advisor or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business. Additional information about FCG Wealth is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

This Part 2A Appendix 1 of Form ADV Brochure dated September 18, 2017 is a document prepared by FCG Wealth according to the SEC's requirements and rules. Further, this Brochure has been prepared in place of a Firm Brochure because FCG Wealth's entire advisory business involves sponsoring wrap fee programs; therefore, SEC rules do not require us to prepare a separate Firm Brochure.

This Item is used to provide clients with a summary of new and/or updated information; we will inform of the revision(s) based on the nature of the information as follows:

**Annual Update:** We are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of December 31. We will provide you with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE or we will provide you with our revised Brochure that will include a summary of the changes in this item.

**Material Changes:** Should a material change in our operations occur, depending on its nature, we will promptly communicate this change to clients (and it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of ownership or control, location, disciplinary proceedings, significant changes to our advisory services or advisory affiliates – any information that is critical to a client's full understanding of who we are, how to find us, and how we do business.

Material changes made to this Brochure include:

Item 4 – Added verbiage discussing services provided by Morningstar

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## Item 4 – Services, Fees and Compensation

### A.

FCG Wealth (“FCG Wealth”, “we”, “us” or “our”) offers its clients the choice of three wrap fee programs: the FCG Portfolio Management Program (the “FCG Program”), the Envestnet SMA Private Wealth Management Program (the “Envestnet Program”, “Envestnet”) and Morningstar Managed Portfolios (the “Morningstar Program”, “Morningstar”). This Brochure is for FCG clients who participate in the FCG Program, which is sponsored by FCG Wealth. FCG Wealth may provide discretionary investment advisory services to its clients through the FCG Program.

The Envestnet Program is sponsored by Envestnet Asset Management, Inc., which administers the program. Generally, FCG clients who participate in the Envestnet Program are offered access to investments managed by third-party investment advisors. Envestnet will either assist FCG Wealth in identifying funds and asset managers, or FCG Wealth will independently identify asset managers and funds for FCG clients participating in the Envestnet Program. FCG clients who participate in the Envestnet Program may review a separate wrap fee program brochure on the Envestnet website. Clients may also obtain a copy of the Envestnet Program brochure by contacting Francis Gilkes at (973) 635-7374 or [fgilkes@fcgadvisors.com](mailto:fgilkes@fcgadvisors.com).

The Morningstar Program is sponsored by Morningstar Investment Services, LLC, which administers the program. Generally, FCG clients who participate in the Morningstar Program are offered access to a number of investment portfolios. Morningstar will typically work with FCG Wealth in identifying the appropriate portfolio option for the FCG client. Thereafter Morningstar has complete discretion within the portfolio option to make investment decisions and to initiate transactions on behalf of the client. FCG clients who participate in the Morningstar Program may review a separate wrap fee program brochure on the Morningstar website. Clients may also obtain a copy of the Morningstar Program brochure by contacting Francis Gilkes at (973) 635-7374 or [fgilkes@fcgadvisors.com](mailto:fgilkes@fcgadvisors.com).

The FCG Wealth Program allows an investment advisory representative of FCG Wealth (each an “IAR”) to create and manage an investment portfolio designed to accomplish the client’s stated investment objectives. The IAR is compensated through a comprehensive single fee (i.e., all-inclusive fee covers costs of commissions, research, etc.). The portfolios of clients in the FCG Program will be invested in a variety of investment products including, but not limited to, load and no-load mutual funds, stocks, bonds, ETFs, annuities, money market accounts, cash equivalents or alternative investments. FCG Advisors, LLC (“FCG Advisors”) which is under common control with FCG Wealth, is the primary designated broker for the FCG Program; however brokerage services are also provided by Charles Schwab Advisor Services and Fidelity Brokerage Services, LLC.

FCG Wealth maintains a Power of Attorney in the form of an Investment Advisory Agreement for all client accounts in the FCG Program for the purposes of (i) directing and or otherwise effecting investments on behalf of the client's account, (ii) directing payment of FCG Wealth's fees, and/or (iii) paying custodial fees and or other charges incurred by the account. Where investment discretion has been granted (per the Investment Advisory Agreement), the IAR manages the client's portfolio and makes investment decisions without specific direction from the client subject to the client's goals, objectives and suitability. Such decisions include determinations regarding which securities are bought and sold for the account, the total amount of the securities to be bought and sold, the brokers (including, but not limited to, FCG Advisors) with whom orders for the purchase or sale of securities are placed for execution, the price per share and the commission rates at which securities transactions are effected. In some instances, the IAR's discretionary authority in making these decisions may be limited by conditions imposed by the client in his or her investment guidelines or objectives, or in instructions otherwise provided to FCG Wealth or the IAR. FCG Wealth will supervise the investments made by IARs in client accounts subject to such limitations.

In the FCG Program, the client is charged a fee by FCG Wealth (sometimes referred to as a "wrap fee" and referred to herein as an "advisory fee") based upon a percentage of the market value of the client's account. The advisory fee generally covers all services for: (1) recommendations of investments in the client's portfolio; (2) execution of portfolio transactions without brokerage commissions and without dealer mark-ups or mark-downs by FCG Advisors; (3) reports on the assets in the client's portfolio, which also includes providing the client with trade confirmations and statements; (4) periodic evaluation and comparison of account performance; and (5) continuing consultation on the client's investment objectives. Each client should evaluate whether the FCG Program is suitable for the client's needs, given factors such as the size of the account, frequency of transactions and the client's investment objectives. Transactions that FCG Wealth executes in connection with the FCG Program are separate from the transactions executed by third-party investment advisers under the Envestnet Program.

The highest potential advisory fees charged by FCG Wealth in the FCG Program, are as follows:

1.40%	First	\$500,000
1.25%	Next	\$1,000,000
1.00%	Next	\$3,500,000
0.85%	Next	\$1,000,000
0.75%	Over	\$6,000,000

These advisory fees are subject to negotiation. In certain circumstances, and only at the client's written request, an advisory relationship may be established on a non-fee basis where the client would pay a commission or sales charge along with accompanying ticket or transaction costs. There may also be circumstances where a client may enter into an agreement to pay a reduced fee while also being charged a commission or transaction cost

per execution. Such circumstances involve a deviation from a client's written Investment Advisory Agreement, and are pursuant to a separately negotiated agreement between FCG Wealth and the client.

The specific manner in which we charge fees is established in a client's written Investment Advisory Agreement. Advisory fees are payable quarterly and shall be calculated by multiplying the aggregate market value of the account assets of the portfolio in accordance with the corresponding fee schedule in the Investment Advisory Agreement, and dividing such product by four. (Note - margin balances do not reduce the market value of account assets). The market value of the assets under management shall be based on the market value of the assets as of the last business day of the second month of the relevant quarter. The advisory fees shall be payable in arrears at the end of the quarter and are generally deducted directly from the client's account(s) within 1-3 days of the last day of the quarter. At the discretion of the client, funds may instead be withdrawn from a related account to cover the advisory fee payment. If the amount of advisory fees owed has not been paid within thirty (30) calendar days after the first day the charge has accrued, securities positions within the accounts may be liquidated to cover the amount due. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee.

**B.**

The client is advised that the same or similar programs or services as those described above with respect to the FCG Program may be available from other investment advisers for advisory fees that are less than or greater than FCG Wealth's advisory fees, and that the FCG Program may cost the client more or less than purchasing the different services within the program separately, depending upon such factors as trading activity, account size and portfolio management, mutual fund, load charges, etc. In addition, it is possible that the FCG Program may cost the client more or less than purchasing such advisory services separately, depending upon the costs of services (i.e., brokerage commissions) and trading activities in the client's account.

**C.**

The advisory fees charged to clients in the FCG Program do not include certain costs or charges which may be associated with securities transactions with or through a broker-dealer or through a custodian. These may include brokerage commissions and dealer mark-ups or mark-downs in principal transactions, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer fees, margin interest, electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions or other charges mandated by law, which will be separately charged to the client's account.

Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in the prospectuses for such funds. Such charges, fees, interest and commissions are exclusive of and in addition to FCG Wealth's advisory fee. As described more fully in Item 9, FCG Wealth endeavors to minimize mutual fund fees and sales charges through

judicious selection. In addition, if FCG Advisors is inadvertently paid a 12b-1 fee by a mutual fund it will be refunded to the client.

In some instances, a portion of fees imposed by a custodian may be shared with FCG Advisors. In these cases the client is given written disclosure regarding any such fee or charge on the client confirmation.

In addition, the advisory fee may not include certain costs associated with selling concessions on the purchase of new issue securities. These fees will be reflected in the price of the security at the time of purchase.

*Margin in Investment Advisory Accounts.* The use of margin is permitted in certain accounts with FCG Wealth under the FCG Program. A margin debit balance does not reduce the market value of a client's assets. Using margin in an investment advisory account may increase the advisory fee you pay to FCG Wealth. If FCG Wealth uses margin to purchase additional securities for a client's account, the total value of the client's assets increases, as does the client's advisory fee. If you take a loan against the value of your securities, you will be charged on your total invested asset portfolio and not on your net asset value. In addition, you will be charged margin interest on the debit balance in your account. FCG Wealth's affiliated broker-dealer, FCG Advisors, may share in the revenue generated by the interest charged on margin by the custodian. In addition, the increased advisory fee that a client may pay for the use of margin debt may provide an incentive for an IAR to recommend the use of margin. Therefore, the decision to use margin for investment purposes is client directed and not the decision of FCG Wealth or an IAR; however, if an IAR places a block trade on behalf of several client accounts, a client may briefly rely on margin until the portfolio is reconciled. Please note that using margin is not suitable for all investors; the use of margin increases leverage in your account and therefore increases risk.

#### **D.**

Each IAR receives a portion of the fees and commissions resulting from a client's participation in the FCG Program. In addition, the amount of the IARs compensation may be more than what the IAR would receive if the client paid separately for investment advice, brokerage or other services. Accordingly, it is possible that an IAR may have an incentive to recommend the FCG Program over the Envestnet Program or any other managed investment program.

#### *Financial Planning Services*

In addition to our advisory services, our IARs may at times be asked to develop a written financial plan that fully leverages available resources to reach objectives.

If FCG is engaged for a written Financial Plan, there may be an additional and separate fee for these services.

In all cases, clients must sign a separate Financial Planning Agreement when engaging for these services.

## **Item 5 – Account Requirements and Types of Clients**

FCG Wealth provides advisory services to individuals, corporations, corporate pension and profit-sharing plans, charitable institutions, foundations and other similar clients.

## **Item 6 – Portfolio Manager Selection and Evaluation**

### **A.**

FCG Wealth is the portfolio manager in the FCG Wealth Program. FCG Wealth does not issue lists of “recommended” securities or strategies. To the maximum extent permissible, FCG Wealth’s IARs exercise their individual judgment regarding all purchases, sales and investment advice for the accounts they supervise using those investment techniques and methods which they believe are appropriate. Individual IARs (i) employ different investment techniques, (ii) produce different outcomes, and (iii) may have negotiated and therefore have different fee schedules. Further, the highly individualized, hands-on investment management approach means that even accounts with similar investment profiles which are managed by the same IAR may own different securities from one another and have different results.

FCG Wealth’s IARs will review each client’s present financial situation, perform investment and financial analysis and provide advice, counsel and investment recommendations. These advisory services may relate to any number of investment classes, such as securities, insurance, and real estate. FCG Wealth will manage each client’s portfolio of assets on an individualized basis to meet each client’s specific investment goals and objectives. The assets under management will be allocated among a mix of investment classes including, but not limited to, cash, stocks, bonds, ETFs, and mutual funds with the selection of specific securities which will provide proper diversification and help meet each client’s stated investment goals and objectives. FCG Wealth may also advise a client with respect to insurance products and alternative investment strategies including, but not limited to, real estate and private equity or hedge fund products.

Some IARs may manage several accounts together as a “household” for the convenience of FCG Wealth and/or to reduce administrative costs.

If any client’s advisory fee schedule deviates from FCG Wealth’s standard fee schedules, the difference will be fully disclosed to the client in the Investment Advisory Agreement prior to engagement, or prior to implementation for an existing account.



**B.**

None of FCG Wealth's related persons (other than the IARs described in paragraph A above) acts as a portfolio manager for the FCG Program, the Envestnet Program or the Morningstar Program.

**C.**

Advisory Business.

As described in Item 4, FCG Wealth's advisory business consists of three wrap fee programs: the FCG Program, the Envestnet Program and the Morningstar Program. FCG Wealth is the portfolio manager for the FCG Program.

FCG Wealth was formed in January 2013 by John Combias, who is the principal owner and managing member (the "Managing Member"). Jay Haas is FCG Wealth's Chief Compliance Officer ("CCO"). FCG Wealth has succeeded to the investment advisory business of FCG Advisors, but there has been no practical change of control or management of FCG Wealth. FCG Advisors, which was formed in 1994 by John Combias, continues to operate as a separate firm and an affiliate of FCG Wealth. FCG Advisors is a registered broker-dealer.

FCG Wealth tailors its advisory services to the individual needs of its clients. Prior to engaging FCG Wealth to provide investment advisory services, a client will be required to enter into a written Investment Advisory Agreement with FCG Wealth, which sets forth the terms and conditions under which FCG Wealth will manage the client's assets. In this Investment Advisory Agreement, the client and FCG Wealth will determine the investment policies, limitations and restrictions applicable to that particular client's account. FCG Wealth will supervise and direct the investments of the client accounts subject to any limitations the client imposes in the Investment Advisory Agreement. The Investment Advisory Agreement between FCG Wealth and the client will continue in effect until terminated by either party upon thirty days' written notice of such termination to the other party. Termination will become effective upon receipt of such notice. This Brochure must be delivered to a client or a prospective client, either physically, electronically, or through notification of a posting on the Firm's website, before or at the time the client enters into any written or oral advisory contract with FCG Wealth.

FCG Wealth provides portfolio management services under the FCG Program. FCG Wealth does not provide portfolio management services under the Envestnet Program or the Morningstar Program, nor does FCG Wealth provide any portfolio management services to clients outside of the FCG Program. FCG Wealth receives the FCG Program's advisory fee for its services, which include, but are not limited to, providing (1) recommendations of investments in the client's portfolio; (2) reports on the assets in the client's portfolio, which also includes FCG Wealth providing the client with trade confirmations and statements through its custodian; (3) periodic evaluation and comparison of account performance; and (4) continuing consultation on the client's investment objectives.

Performance-Based Fees and Side-by-Side Management.

FCG Wealth does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Side-by-side management refers to multiple client relationships where an adviser manages advisory client relationships and portfolios on a simultaneous basis for individuals, businesses, institutions and also mutual funds and/or hedge funds. In such circumstances, potential conflicts of interest may arise by and between the clients and the mutual and hedge funds, e.g., performance fee arrangements. FCG Wealth does not have these relationships, so we do not have side-by-side management potential or actual conflicts of interests.

Methods of Analysis, Investment Strategies and Risk of Loss.

**(i)** FCG Wealth uses a number of methods of analysis to assist with portfolio management and investment selection. These methods include, but are not limited to:

- Strategic & Tactical Management
- Micro & Macro Economic Analysis
- Fundamental & Technical Analysis

The main sources of information used by FCG Wealth include:

- Financial newspapers and magazines
- Research materials prepared by others
- Annual reports, prospectuses, filings with the SEC
- Company press releases
- Analyst and investment banking relationships

**(ii)** All investments, including investments in securities, involve risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends and other distributions), and the loss of future earnings. These risks may include market risk, credit risk, interest rate risk, issuer risk and general economic risk. Although we manage the assets in a manner consistent with risk tolerances discussed with clients, there can be no guarantee that our efforts will be successful and our results may vary over time. Clients should be prepared to bear the risk of loss. In addition, there is no guarantee of the accuracy of any investment method, analysis or prediction given by FCG Wealth. Additionally, the use of technical analysis and tactical trading strategies typically leads to increased trading frequency. Frequent trading can potentially affect investment performance through increased transaction and tax costs.

FCG Wealth will invest a portion of assets in the stocks of companies with small to medium-sized market capitalizations. While we believe these investments have the potential to result in significant appreciation, smaller-capitalized company securities often involve a higher level of risk in some respects compared to investments in securities of larger companies. For example, prices of such stocks are often more volatile than prices of large-capitalization stocks. In addition, due to the possibility of thin trading activity in some such stocks, an investment in these companies may be more illiquid than that of larger-capitalization companies.

FCG Wealth strives to manage these risks for clients primarily through the use of proper portfolio diversification. IARs work with each client to identify the client's risk tolerance and investment objectives. IARs then build a customized portfolio, designed to increase the likelihood of achieving these goals.

**(iii)** FCG Wealth does not recommend one particular type of security or investment. In creating client portfolios, we typically strive to maintain diversification among sectors, asset classes, industries, geographic areas or types of securities.

*Voting Client Securities.* FCG Wealth offers clients the option of appointing FCG Wealth to be the receiver and responder to issuer communications, proxy voting, and related actions. If this option is accepted, FCG Wealth may be sent certain issuer-related communications, such as proxies, tender offers, proposed mergers, rights offerings, exchange offers and warrants, among other things, which may require a voting decision or other action, regarding investments held in the client's accounts. By selecting this option the client would be giving FCG Wealth the authority to respond to such voting decisions or other action communications sent to FCG Wealth, including proxy ballots, instructions regarding corporate reorganizations, and other corporate actions, and to be sent certain prospectuses and annual reports and other such issuer communications. In these cases, the client will be authorizing FCG Wealth to make all voting decisions and take all actions on the client's behalf including voting all proxies which are solicited for securities held in the Client's accounts. The client's option to appoint or not to appoint FCG Wealth in this capacity is expressly delineated in the Investment Advisory Agreement.

## **Item 7 - Client Information Provided to Portfolio Managers**

It is the policy of FCG Wealth to protect the privacy of our clients who share personal and financial information with us in the course of receiving financial services from FCG Wealth. We treat your information as confidential and recognize the importance of protecting access to it.

Client information is provided to IARs when a client account is opened or updated. FCG Wealth has a strict Privacy Policy, and reviews and trains its supervised persons regarding

the Privacy Policy on at least an annual basis. The FCG Wealth Privacy Policy is provided annually to clients and is available at any time upon a client's request.

## **Item 8 – Client Contact With Portfolio Managers**

In the FCG Program, an IAR is the portfolio manager of a client's account and a client may contact its IAR regarding issues related to the management of its account at any time. For a further discussion of how FCG Wealth reviews client accounts, please see section entitled Review of Accounts in Item 9 of this Brochure.

## **Item 9 – Additional Information**

### **A.**

#### Disciplinary Information.

Neither FCG Wealth nor any of its management persons has been the subject of any material legal or disciplinary action.

#### Other Financial Industry Activities and Affiliations.

**(i)** FCG Advisors, an affiliate under common ownership with FCG Wealth, is a registered broker-dealer with the SEC, various state jurisdictions and is a member of the Financial Industry Regulatory Authority, Inc.

**(ii)** Neither FCG Wealth, nor any of its management persons are registered or have an application pending to register with the Commodity Futures Trading Commission in any capacity.

**(iii)** FCG Advisors, which is under common control with FCG Wealth, is the primary designated broker for the FCG Program. Accordingly, FCG Advisors, through its affiliation, executes portfolio transactions for investment advisory clients in the FCG Program. These transactions will be conducted subject to proper, and customary, disclosure including (but not limited to) compensation received by FCG Advisors and its registered representatives.

Additionally, FCG Advisors, as a broker-dealer, may buy securities for itself from, or sell securities it owns to, clients of FCG Wealth, at which time commissions and or other markups/markdowns may be charged to those clients. FCG Advisors will comply with all legal requirements applicable to any such transactions executed with advisory clients of FCG Wealth.

It is generally anticipated that in most cases FCG Advisors will be designated by the client as the sole broker-dealer for the execution of securities transactions which are directed by FCG Wealth. In such case, the custodian will be National Financial Services (“NFS”), and FCG Advisors will seek to obtain the best combination of price and execution for such transactions; however, lower commissions or better execution may be available elsewhere. FCG Wealth may direct transactions through Fidelity Brokerage Services, LLC, the broker dealer for Institutional Wealth Services (“IWS”). IWS and NFS are both wholly owned subsidiaries of Fidelity, Inc. FCG Wealth may also direct transactions through Charles Schwab Advisor Services, LLC (“Charles Schwab”), a wholly owned subsidiary of Charles Schwab.

Though FCG’s primary custodians are NFS, IWS, and Charles Schwab, there may be times FCG engages other qualified custodians. This could occur when a portion of a client’s assets are held outside these three custodians but FCG advises or consults on a client’s entire (or subsuming portion) of the portfolio of assets. This could apply in situation where there are larger cash balances, unique equity, bond, or other security portfolios.

Certain associated persons of FCG Advisors are licensed insurance brokers, and as such, may on occasion sell insurance products to the clients of FCG Wealth for a commission.

**(iv)** The following describes additional fees that FCG Wealth, FCG Advisors or IARs may receive that could create a material conflict of interest with clients. FCG Wealth manages these potential conflicts of interest by monitoring the IARs, FCG Advisors and client accounts on a regular basis. FCG Wealth also requires its IARs to acknowledge and confirm their compliance with FCG Wealth’s Code of Ethics on at least an annual basis, as described in detail in section B below.

In addition to the advisory fee, a client may incur administrative expenses imposed by third-party custodians, or brokers including, without limitation, fees and expenses related to margin, bounced checks and stop payments, custody and safekeeping, account transfers, custodian brokerage access and portfolio asset management, attorneys’ fees, miscellaneous transaction fees, such as postage and handling, trade confirmations, e-notification fees, and fees in respect of other mailings and deliveries, account verification fees, insurance fees, ticket charges and/or other fees and charges as applied by FCG Wealth’s custodians or brokers from time to time. Some of such third-party custodian administrative expenses may be subject to a mark-up by FCG Advisors before being passed on to a client.

To the extent mutual funds are selected by FCG Wealth for clients in the FCG Program to fill components of the client’s overall investment strategy, FCG Wealth endeavors to purchase such mutual fund shares at net asset value (“NAV”) or no load. Thus, the client will not be subject to any initial distribution cost (front-end sales charge) or redemption fee (back-end sales charge), if any, that might normally be incurred upon the purchase or sale of shares of mutual fund shares. In addition, FCG Advisors will not receive Rule 12b-1 fees from the

issuers of such mutual funds, or in the cases where such 12b-1 fees are inadvertently received they will be refunded to the client.

In the FCG Program, FCG Wealth's selection of money market mutual funds or comparable investments in which to hold cash reserves in the client's account will be limited to certain investments. The selection includes money-market funds, municipal money-market funds, government money-market funds, and/or FDIC sweeps (insured deposits), and the issuers of these funds may pay FCG Advisors a distribution fee. This compensation is in addition to other fees, etc. received by FCG Wealth from client accounts in connection with its advisory activities. The IARs may also receive additional compensation based on client account balances being held in certain money-market funds or FDIC sweep programs. Additionally, cash balances arising from the sales of securities, redemption of debt securities, dividend and interest payments and funds received from clients are so invested automatically on a daily basis. When securities are sold, funds (less any charges) are credited on the first business day after settle date. Funds placed in a client's account by personal check usually will not be invested until the second business day following the day that the deposit is credited to the client's account. Due to the foregoing practices, FCG Advisors may obtain a credit prior to the date that deposits are credited to client accounts and thus may realize some economic benefit because of the delay in investing these funds.

In addition to the additional compensation described above with respect to our affiliated firm's broker-dealer activities, we may, in certain circumstances, share in a portion of fees received by certain alternative investment managers when FCG Wealth allocates client assets to those managers. Under no circumstances will FCG Wealth charge a client an additional FCG Wealth advisory fee on client assets allocated to an external alternative manager in which FCG Advisors or the IAR may receive a portion of that manager's fees.

## **B.**

### *Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.*

**(i)** Pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, FCG Wealth has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at FCG Wealth must acknowledge and confirm their compliance with the terms of the Code of Ethics annually or when amended.

FCG Wealth's employees and persons associated with FCG Wealth are required to follow FCG Wealth's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of FCG Wealth and our affiliates may trade for their own accounts in securities which are also recommended to and/or purchased for FCG Wealth's clients.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of FCG Wealth will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. In addition, the Code requires pre-clearance of transactions, and restricts trading in close proximity to client trading activity unless in conjunction with a larger block including both client and IAR accounts settled at an average price for all accounts. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee.

Employee trading is continually monitored under the Code of Ethics in order to reasonably prevent conflicts of interest between FCG Wealth and its clients. No security may be bought or sold by a principal or employee of FCG Wealth before FCG Wealth's clients' accounts have had the opportunity to make such transactions as appropriate. All FCG Wealth's trades made by employees who make recommendations or participate in the determination of which recommendation shall be made are reviewed by the CCO or other designee. Principals and employees will not receive a more favorable execution price on a particular day than those received by their investment advisory clients. All FCG Wealth employees must direct their brokers to send duplicate copies of trade confirmations and brokerage statements to the firm for review. These records are used to monitor compliance with the foregoing policies.

Employees must obtain pre-approval from the CCO or designated Principal before engaging in any outside business activities or private placements.

Our Code of Ethics also imposes certain policies and procedures concerning the misuse of material non-public information that are designed to prevent insider trading by any officer, partner, or affiliated person of FCG Wealth. FCG Wealth's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Francis Gilkes at (973) 635-7374 or [fgilkes@fcgadvisors.com](mailto:fgilkes@fcgadvisors.com).

**(ii)** FCG Advisors, an affiliate of FCG Wealth, may effect securities transactions for compensation for FCG Wealth clients in its capacity as a broker-dealer. Such transactions will be conducted on a fully disclosed basis and cleared through FCG Advisors' clearing broker-dealer. The execution price of the security and any fees or other compensation that FCG Advisors expects to receive will be, among other information, disclosed to the client via a trade confirmation as well as orally. For a further discussion of FCG Advisors' activities as a broker-dealer, see Other Financial Industry Activities and Affiliations above.

**(iii)** FCG Wealth anticipates that, in appropriate circumstances and consistent with clients' investment objectives, we will cause accounts over which we have management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which FCG Wealth, its affiliates and/or clients,

directly or indirectly, have a position or interest. FCG Wealth will obtain the client's consent to such transactions as required by applicable law.

**(iv)** Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with FCG Wealth's obligation of best execution. In such circumstances, the affiliated and client accounts will receive securities at a total average price. FCG Wealth will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis.

#### Review of Accounts.

**(i)** As part of the FCG Program, FCG Wealth will provide continuous advice, counsel, recommendations, and monitoring of a client's financial situation. FCG Wealth will also review the account with the client on at least an annual basis unless otherwise instructed by the client.

**(ii)** Reviews may be triggered by the passage of time, such as on an annual basis, or other factors, as requested by the client. The Managing Member or the IAR responsible for a particular client will conduct all account reviews on behalf of FCG Wealth.

**(iii)** The nature and frequency of reports to clients are determined primarily by the particular needs of each client. However, confirmations will be forwarded by the custodian to customers on at least a quarterly basis. Statements are sent by the custodian each month in which there is activity in the account. If there is no activity, statements are sent quarterly when there is either a security or cash position in the account. In some cases, FCG Wealth may also provide clients with reports regarding their investments. These reports are usually prepared for FCG Wealth by other, non-custodial third parties, and may be made available either physically, via email, or (primarily) on the third party's website. FCG Wealth urges clients to carefully review such reports and compare them to the official custodial records, statements and confirmations because the FCG Wealth reports may vary from custodial statements based on accounting procedures, reporting dates, or the valuation methodologies of certain securities.

#### Client Referrals and Other Compensation.

**(i)** FCG Wealth does not receive any economic benefits, including sales awards or other prizes for providing investment advice or other advisory services to its clients.

**(ii)** FCG Wealth and FCG Advisors do not compensate any person, directly or indirectly, for client referrals.



Financial Information.

**(i)** FCG Wealth does not require or solicit prepayment of more than \$1,200 in fees per client, six months in advance.

**(ii)** FCG Wealth may have discretionary authority over client funds and securities under the FCG Program. FCG Wealth has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients.

**(iii)** FCG Wealth has not been the subject of a bankruptcy petition at any time during the past ten years.