

# Forta Financial Group, Inc.

## Form CRS Relationship Summary

June 30, 2020

**Forta Financial Group** is a broker-dealer and an investment adviser registered with the Securities and Exchange Commission (SEC) as well as a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC).

- **Brokerage and investment advisory services and fees differ and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://www.investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.**

**What investment services and advice can you provide me?** We offer both brokerage and investment advisory services.

- Our **brokerage services** include buying and selling securities at your direction and providing you with investment recommendations, research, financial tools and planning services, and investor education from time to time or at your request. We offer a wide variety of investments including mutual funds, exchange traded funds (“ETF”s), domestic and international equities, options, fixed income securities, certificates of deposit and variable annuities. Unless we separately agree in writing, we do not monitor your brokerage account and you make the ultimate decision regarding the purchase or sale of investments.
- Our **advisory services** include our asset allocation services using stocks, bonds, mutual funds and ETFs as well as managed portfolios from third-party investment managers. Depending on which program you select, our asset allocation services are either “non-discretionary” or “discretionary” – meaning that either we will recommend investments to you and you will make the ultimate decision regarding the purchase or sale of investments (non-discretionary), or we will make the ultimate investment decisions without your signoff (discretionary). The third-party managers we make available to you will invest your account on a discretionary basis using mutual funds, ETFs, and other securities. All our advisory services are offered through “wrap fee programs” (as described below) and either we or the third-party manager will monitor periodically your advisory account and investments as part of our standard services. You must meet certain investment minimums to open an advisory account. Current account minimums for each program are described in our firms ADV 2 brochure and listed on our website at <https://www.fortafg.com>.

**For additional information**, please see Form ADV, Part 2A brochure (Items 4 and 7 of Part 2A or Items 4.A and 5 of Part 2A Appendix 1), and other applicable documents. Our affiliate MPath offers a variety of insurance products, including fixed and immediate annuities and life insurance. Our affiliate Sofos Investments, Inc. offers a range of managed portfolios and services.

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**Conversation Starter.** Ask your financial professional –

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- *Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?*
- *How will you choose investments to recommend to me?*
- *What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?*

**What fees will I pay?** The fees you pay depend on whether you choose brokerage services, advisory services, or both.

- For **brokerage services**, the principal fees and costs are transaction-based fees for recommendations and execution of securities trades. Depending on the investment product you select, these fees can include up-front commissions, as well as fees that are charged on an on-going basis for as long as you hold the investment (“trails”). Because we are compensated for transactions, **we have an incentive to encourage you to trade more frequently** and in greater amounts.

You will also pay fees for custodial or administrative services, as well as fees and expenses that are included in the expense ratios of certain of your investments, including in mutual funds, ETFs, and variable annuities.

**For additional information about the fees and costs for our brokerage services**, please see Forta’s commission schedule.

- For **advisory services**, the principal fees and costs are the “wrap” program fee for the program you select. These fees are “asset-based” meaning that the fee is calculated as a percentage of the assets invested in your advisory account according to the fee schedule in your advisory agreement with us. This means that the more assets you invest in your account, the more you will pay in fees, and therefore **we have an incentive to encourage you to increase your advisory account assets**.

A wrap advisory fee includes most transaction costs and fees paid to a broker-dealer or bank that has custody of your assets, and therefore is typically higher than a typical asset-based advisory fee that does not include transaction costs and fees. Our clients typically pay the advisory fee each month, but please see your advisory agreement for the payment frequency that applies to your account.

You may also pay miscellaneous fees that your account’s custodian may charge, including wire fees, transfer fees, bank charges and other fees, as well as fees and expenses that are included in the expense ratios of certain of your investments, including in mutual funds and ETFs.

**For additional information**, please see Form ADV, Part 2A brochure, advisory agreements, and other applicable documents.

**You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.**

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**Conversation Starter.** Ask your financial professional –

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- *Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?*

**What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?** When we provide you with a recommendation as your broker-dealer or act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. **At the same time, the way we make money creates some conflicts with your interests.** You should understand and ask us about these conflicts because they can affect the recommendations and investment advice, we provide you. Here are some examples to help you understand what this means.

**Examples of ways we make money and Conflicts of Interest.**

- **Proprietary Products:** We will earn higher fees, compensation, and other benefits when you invest in a product that we (or one of our affiliates) advise, manage, or sponsor. As such, we have an incentive to recommend, or to invest your assets in, those products over third-party products.
- **Third-Party Products:** We receive payments from third party product sponsors and managers (or their affiliates) when we recommend or sell certain products. As such, we have an incentive to recommend (or to invest your assets in) products of third parties that pay us over products of third parties that do not pay us or pay us less.
- **Revenue Sharing:** Certain managers and sponsors (or their affiliates) share the revenue they earn when you invest in certain of their investment products (primarily mutual funds and variable annuities) with us. As such, we have an incentive to recommend (or to invest your assets in) products of sponsors and managers that share their revenue with us, over other products of sponsors that do not share their revenue, or who share less.

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**Conversation Starter.** Ask your financial professional –

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- *How might your conflicts of interest affect me, and how will you address them?*

**For additional information,** please see Form ADV, Part 2A brochure and other applicable documents.

**How do your financial professionals make money?**

- **Transaction Based Fees** – You will pay a fee every time you buy or sell an investment. This fee, commonly referred to as a commission, is based on the specific transaction and not the value of your account. The amount you will pay will depend, for example, on how much you buy or sell, what type of investment you buy or sell, and what kind of account you have with us. Your financial professional receives a portion of the commission paid to them.
- **Asset-Based Fees** – You will pay an on-going fee at the end of each quarter based on the value of the cash and investments in your advisory account. The amount paid to our firm and your financial professional generally does not vary based on the type of investments we select on your behalf. The asset-based fee reduces the value of your account and will be deducted from your account. Our fees vary and are negotiable. The amount you pay will depend, for example, on the services you receive and the amount of assets in your account.

**Do you or your financial professionals have legal or disciplinary history?**

**Yes.** Visit [Investor.gov/CRS](https://www.investor.gov/crs) for a free and simple search tool to research us and our financial professionals.

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**Conversation Starter.** *Ask your financial professional –*

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- *As a financial professional, do you have any disciplinary history? For what type of conduct?*

**For additional information about our services:** If you would like additional, up-to-date information or a copy of this disclosure, please call 303-694-1600 where retail investors can request up-to-date information and a copy of Form CRS

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**Conversation Starter.** *Ask your financial professional –*

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- *Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?*