

**FORM ADV****Part II - Page 1****Uniform Application for Investment Adviser Registration****OMB APPROVAL**

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|  |                   |         |            |                              |
|--|-------------------|---------|------------|------------------------------|
| Name of Investment Adviser: Sowa Financial Group, Inc. |                   |         |            |                              |
| Address: (Number and Street)                           | (City)            | (State) | (Zip Code) | Area Code: Telephone number: |
| 855 Waterman Avenue                                    | E. Providence, RI | 02914   |            | (401) 434-8090               |

This part of Form ADV gives information about the investment adviser and its business for the use of clients.  
The information has not been approved or verified by any governmental authority.

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(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form  
are not required to respond unless the form displays a currently valid OMB control number.

**FORM ADV**  
**Part II - Page 2**

Applicant:  
Sowa Financial Group, Inc.

SEC File Number:  
801-43008

Date:  
3/31/10

- 1. A. Advisory Services and Fees.** (check the applicable boxes) For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

**Applicant:**

- |                                     |     |   |    |   |
|-------------------------------------|-----|---|----|---|
| <input checked="" type="checkbox"/> | (1) | Provides investment supervisory services .....  | 85 | % |
| <input type="checkbox"/>            | (2) | Manages investment advisory accounts not involving investment supervisory services .....  |    | % |
| <input checked="" type="checkbox"/> | (3) | Furnishes investment advice through consultations not included in either service described above ....   | 10 | % |
| <input type="checkbox"/>            | (4) | Issues periodicals about securities by subscription .....   |    | % |
| <input type="checkbox"/>            | (5) | Issues special reports about securities not included in any service described above .....   |    | % |
| <input type="checkbox"/>            | (6) | Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities ..... |    | % |
| <input checked="" type="checkbox"/> | (7) | On more than an occasional basis, furnishes advice to clients on matters not involving securities .....   | 5  | % |
| <input type="checkbox"/>            | (8) | Provides a timing service .....   |    | % |
| <input type="checkbox"/>            | (9) | Furnishes advice about securities in any manner not described above .....   |    | % |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

- B. Does applicant call any of the services it checked above financial planning or some similar term? . . . . . Yes ☒ No ☐

- C. Applicant offers investment advisory services for: (check all that apply)

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management      | <input type="checkbox"/> (4) Subscription fees      |
| <input checked="" type="checkbox"/> (2) Hourly charges                               | <input checked="" type="checkbox"/> (5) Commissions |
| <input checked="" type="checkbox"/> (3) Fixed fees (not including subscription fees) | <input checked="" type="checkbox"/> (6) Other       |

- D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

- 2. Types of clients** - Applicant generally provides investment advice to: (check those that apply)

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> A. Individuals           | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations                    |
| <input type="checkbox"/> B. Banks or thrift institutions     | <input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies             | <input type="checkbox"/> G. Other (describe on Schedule F)   |
| <input type="checkbox"/> D. Pension and profit sharing plans |  |

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

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**Part II - Page 3**

Applicant:  
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**3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> A. Equity securities                            | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities                  | <input type="checkbox"/> I. Options contracts on:                          |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter          | <input type="checkbox"/> (1) securities                                    |
| <input checked="" type="checkbox"/> (3) foreign issuers                             | <input type="checkbox"/> (2) commodities                                   |
| <input type="checkbox"/> B. Warrants  | <input type="checkbox"/> J. Futures contracts on:                          |
| <input type="checkbox"/> C. Corporate debt securities (other than commercial paper) | <input type="checkbox"/> (1) tangibles                                     |
| <input type="checkbox"/> D. Commercial paper  | <input type="checkbox"/> (2) intangibles                                   |
| <input checked="" type="checkbox"/> E. Certificates of deposit                      | <input type="checkbox"/> K. Interests in partnerships investing in:        |
| <input checked="" type="checkbox"/> F. Municipal securities                         | <input checked="" type="checkbox"/> (1) real estate                        |
| <input type="checkbox"/> G. Investment company securities:                          | <input type="checkbox"/> (2) oil and gas interests                         |
| <input checked="" type="checkbox"/> (1) variable life insurance                     | <input checked="" type="checkbox"/> (3) other (explain on Schedule F)      |
| <input checked="" type="checkbox"/> (2) variable annuities                          | <input checked="" type="checkbox"/> L. Other (explain on Schedule F)       |
| <input checked="" type="checkbox"/> (3) mutual fund shares                          |  |

**4. Methods of Analysis, Sources of Information, and Investment Strategies.**

A. Applicant's security analysis methods include: (check those that apply)

- |   |  |
|---|--|
| (1) <input type="checkbox"/> Charting               | (4) <input type="checkbox"/> Cyclical                      |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical   |  |

B. The main sources of information applicant uses include: (check those that apply)

- |   |   |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines    | (5) <input type="checkbox"/> Timing services  |
| (2) <input type="checkbox"/> Inspections of corporate activities              | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input type="checkbox"/> Company press releases   |
| (4) <input checked="" type="checkbox"/> Corporate rating services             | (8) <input checked="" type="checkbox"/> Other (explain on Schedule F)   |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- |  |  |
|--|--|
| (1) <input checked="" type="checkbox"/> Long term purchases<br>(securities held at least a year) | (5) <input type="checkbox"/> Margin transactions   |
| (2) <input checked="" type="checkbox"/> Short term purchases<br>(securities sold within a year)  | (6) <input type="checkbox"/> Option writing, including covered options,<br>uncovered options or spreading strategies |
| (3) <input type="checkbox"/> Trading (securities sold within 30 days)                            | (7) <input checked="" type="checkbox"/> Other (explain on Schedule F)  |
| (4) <input type="checkbox"/> Short sales   |  |

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**FORM ADV**  
**Part II - Page 4**

Applicant:  
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Date:  
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**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? ..... ☒ Yes ☐ No  
(If yes, describe these standards on Schedule F.)

**6. Education and Business Background.**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

**7. Other Business Activities.** (check those that apply)

- ☐ A. Applicant is actively engaged in a business other than giving investment advice.
- ☐ B. Applicant sells products or services other than investment advice to clients.
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations.** (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- |  |  |
|--|--|
| <input type="checkbox"/> (1) broker-dealer   | <input type="checkbox"/> (7) accounting firm                                       |
| <input type="checkbox"/> (2) investment company  | <input type="checkbox"/> (8) law firm  |
| <input type="checkbox"/> (3) other investment adviser  | <input type="checkbox"/> (9) insurance company or agency                           |
| <input type="checkbox"/> (4) financial planning firm   | <input type="checkbox"/> (10) pension consultant                                   |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer                         |
| <input type="checkbox"/> (6) banking or thrift institution   | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? . . . ☐ Yes ☒ No

(If yes, describe on Schedule F the partnerships and what they invest in.)

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

Applicant:  
Sowa Financial Group, Inc.

SEC File Number:  
801- 43008

Date:  
3/31/10

**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☒ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☐ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

**10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account?

Yes No  
☒ ☐

(If yes, describe on Schedule F)

**11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

See Schedule F

B. Describe below the nature and frequency of regular reports to clients on their accounts.

See Schedule F

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Applicant:  
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801- 43008

Date:  
3/31/10

**12. Investment or Brokerage Discretion.**

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- |  | Yes                                 | No                       |
|--|-------------------------------------|--------------------------|
| (1) securities to be bought or sold? .....               | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (2) amount of the securities to be bought or sold? ..... | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (3) broker or dealer to be used? .....                   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (4) commission rates paid? .....                         | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

B. Does applicant or a related person suggest brokers to clients? ..... ☒ Yes ☐ No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for product and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- |   |   |  |
|---|---|--|
| A. is paid 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? ..... | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/>            |
| B. directly or indirectly compensates any person for client referrals? .....  | Yes <input type="checkbox"/>            | No <input checked="" type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet? ..... ☐ Yes ☒ No

|  |  |                  |                  |
|--|--|------------------|------------------|
| <b>Schedule F of Form ADV - Continuation Sheet for Form ADV Part II</b>  | Applicant:                                 | SEC File Number: | Date:            |
|  | <b>Sowa Financial Group, Inc.</b>          | 801-43008        | <b>3/31/2010</b> |
| 1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:<br><b>Sowa Financial Group, Inc.</b> | IRS Empl. Ident. No.:<br><b>05-0509395</b> |                  |                  |
| Item of Form   | Answer                                     |                  |                  |

**Items 1.A  
and 1.D**

**Advisory Services and Compensation.**

**I. INTRODUCTION TO SFG SERVICE OPTIONS**

A. **Service Options.** Sowa Financial Group, Inc., a Rhode Island corporation and SEC registered investment adviser ("SFG"), provides three service options:

- (1) Investment Advisory Services (see Paragraph II immediately below for details);
- (2) Financial Planning Services (see Paragraph III immediately below for details); and
- (3) Investment Recommendation Services (see Paragraph IV immediately below for details).

B. **Selection.** After reviewing the particular services available under each option (summarized below), (a) client selects from the service options above that they determine will best meet their needs. Each advisory client must sign an Investment Advisory Agreement ("Agreement") to reflect the service option they have made, whether or not the client has granted SFG discretionary authority, and the manner in which SFG will be compensated for the service selected (hourly, management fee based on percentage of assets under management or otherwise – see Item 1.C/1.D below).

C. **Client Input.** Clients must provide accurate and complete information identifying client's investment objectives, risk tolerance and investment restrictions, if any, and other like information. SFG or its Advisers shall contact client not less than annually to determine whether any changes need to be implemented. It is client's responsibility directly or through his/her/its SFG investment adviser representative ("SFG Adviser")\*, however, to promptly notify SFG if client wishes to change his/her/its previously identified investment objective(s) and/or strategy. SFG and its Advisers are available to clients during business hours for consultation regarding their accounts.

*\* As all SFG Advisers are also registered representatives of Commonwealth Equity Services, LLP d/b/a Commonwealth Financial Network ("Commonwealth"), clients may opt not to have any of these advisory options, and/or opt to open a Commonwealth brokerage account depending on client's goals and objectives.*

D. **Broker-Dealer.** SFG recommends that clients use Commonwealth, a registered broker-dealer, with which all SFG Advisers are presently registered representatives. See Paragraph IV immediately below and Items 6, 8.C(1) and 12.B below.

E. **Compensation.** SFG is compensated for providing Investment Advisory Services based upon a percentage of assets under management, a flat fee or an hourly rate. See Item 1.C, Paragraph I.A below for greater detail. In addition, SFG may charge a portfolio design fee to certain of its advisory clients. Financial Planning Services are payable by flat fee or at an hourly rate. Compensation for Investment Recommendation Services is based on commissions and/or sales charges derived from securities trades, or alternatively, payment may be based on a flat or hourly fee or other

|  |  |                  |                  |
|--|--|------------------|------------------|
| <b>Schedule F of Form ADV - Continuation Sheet for Form ADV Part II</b>  | Applicant:                                 | SEC File Number: | Date:            |
|  | <b>Sowa Financial Group, Inc.</b>          | 801-43008        | <b>3/31/2010</b> |
| 1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:<br><b>Sowa Financial Group, Inc.</b> | IRS Empl. Ident. No.:<br><b>05-0509395</b> |                  |                  |
| Item of Form   | Answer                                     |                  |                  |

compensation as mutually agreed by Client and SFG. All fees may be subject to negotiation by clients, from time to time. Details concerning all compensation methods are set forth in Item 1.C. below.

F. **Custody.** Neither SFG nor SFG Advisers are authorized to take physical custody of a client's assets, securities, cash (other than financial planning fees) or other property. All clients' securities and property should be forwarded directly to the qualified custodian, National Financial Services, LLC ("NFS"). See Paragraph II.D.2 below.

G. **Proxy Voting Policy.** SFG does not vote client proxies. Therefore, although SFG may provide investment advisory services relative to client investment assets, SFG's clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. SFG and/or the client shall correspondingly instruct each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

H. **Summary.** Paragraphs II-IV below provide greater detail of the matters outlined in the above INTRODUCTION.

## II. **INVESTMENT ADVISORY SERVICES**

### A. **General Description.**

1. **Regular Review.** Under this option, SFG provides continuous investment advisory services described below based upon client-identified objectives and constraints as well as perceived material changes in market conditions and performance criteria of client's portfolio. SFG offers investment advice on various securities including equities, corporate debt, municipal, U.S. government securities and annuities with an emphasis on investment company shares (mutual funds). SFG's investment strategies include long and short-term purchases, but SFG does not accommodate short sales, margin, or options transactions in client portfolios. Clients selecting SFG's investment advisory services: (a) may grant SFG discretionary authority over the account based on the information regarding client's financial situation, investment objectives and other information provided by the client to SFG, from time to time; (b) may be subject to certain stated minimum portfolio amounts (See Item 10 below); and (c) may be charged different fees based on whether they are new or existing client and/or as may be negotiated. These distinctions are described below in Items 1.C. and D. and Paragraph I.A. above.

2. **Variations.** Advisory recommendations and/or strategies may or may not vary among clients, notwithstanding similar investment objectives, risk tolerances and/or other factors. No assurance can be given about the ultimate results or success of any investment or insurance recommendation or strategy. The client is encouraged to review all investment-related topics, together with SFG's recommendations, with counsel, accountants and/or other advisers before implementing any SFG recommendation.



|  |  |                  |                  |
|--|--|------------------|------------------|
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| Item of Form   | Answer                                     |                  |                  |

B. **Service Components.** Clients choosing the Investment Advisory Service option receive an array of advisory services: Portfolio Design or Review; periodic portfolio reviews; periodic Advent Browser reports, Morningstar reviews and the SFG Newsletters. This Investment Advisory Service is designed for the client who desires regular and continuous supervisory oversight of their portfolio.

1. **Portfolio Design or Review.** The Portfolio Design/Review process involves the gathering of information during meetings (generally one or two face to face meetings) and/or correspondence with clients from which the SFG Adviser obtains information relative to the client's investment objectives, risk tolerance, assets and the like before any recommendation is made or investment strategy is determined. If the client decides to obtain services from SFG, client selects the desired service options and compensation method (See Item 1.C below), opens accounts and arranges for the transfer of assets to a qualified custodian, typically NFS (See subsection II.D immediately below). Potential recommendations and strategies for the Portfolio Design are generally made during the second or third meeting after the SFG Adviser has an opportunity to review the client's information and formulate a recommendation and strategy. The intent is to tailor recommendations and strategies to address client-identified objectives and incorporated client-specified restrictions. As a general guide, client objectives may align with one of the following descriptions:

(A) **Capital Preservation /Current Income** - This objective is the most conservative and focuses on the preservation of the initial investment and the generation of current income. A portfolio designed to address this objective will typically reflect that a majority of the assets are invested in fixed-income/bonds/cash with little or no equity investments. It is anticipated that such a portfolio may fluctuate less than the overall market.

(B) **Income / Conservative Growth** - A portfolio designed to address this objective is invested in a diversified portfolio of equity-oriented investments with growth as a primary goal and income as a secondary goal. Such a portfolio will typically invest most of its assets in equities/stocks with some emphasis on fixed income / bonds and/or cash. It is anticipated that such a portfolio may fluctuate more than the overall market.

(C) **Moderate Growth** - This objective targets a balanced asset allocation consisting of equities/stock and fixed-income/bonds consistent with the overall market. A portfolio designed to address this objective attempts to provide current income and some growth potential. A typical allocation would be relatively equal allocations to equities/stocks and fixed-income/bonds/cash. It is anticipated that such a portfolio may demonstrate similar fluctuation characteristics as the overall market.

|  |  |                  |                  |
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(D) Long-Term Growth - This objective targets long-term capital appreciation with little focus on the generation of current income. Depending on individual circumstances, a portfolio designed to address this objective is invested in a diversified portfolio of equity-oriented investments with growth as a primary goal. Such a portfolio will typically invest most of its assets in equities/stocks with little or no emphasis on fixed-income/bonds/cash. It is anticipated that such a portfolio may fluctuate more than the overall market.

(E) Aggressive Growth - This objective seeks maximum growth potential with no focus on generating current income. This long-term oriented portfolio is typically invested in equity-oriented stocks and offers the highest level of both risk and potential return. In addition to holding mutual funds whose objective is aggressive growth, this portfolio may also hold certain sector-type equities as well as individual securities. It is anticipated that such a portfolio may exhibit significant volatility during periods of market fluctuation.

C. Discretion / Non-Discretion. SFG offers clients Investment Advisory services under which clients authorize and grant SFG discretionary authority over their accounts. For clients who do not grant SFG with discretionary authority over their account(s), SFG will make recommendations to the client for the client's approval, rejection, revision or modification. For clients who grant discretionary authority to SFG, assets are managed in each individual client's account according to such client's stated goals and objectives and any reasonable restrictions placed on the account by the client, as set forth in the client's Investment Advisory Agreement, or as amended by the client from time to time. For client accounts utilizing this service, SFG may have discretion to handle the day-to-day investment management of the client account(s).

Pursuant to the Investment Advisory Agreement, Clients who grant SFG the authority to manage the assets in their Accounts on a fully discretionary basis. The grant of discretionary authority to SFG includes, but is not limited to the authority:

- to take any and all actions on the Client's behalf that SFG determines to be customary or appropriate for a discretionary investment adviser to perform, including the authority to buy, sell, select, remove and replace securities and investments for the Account, and to determine the portion of assets in the Account to be allocated to each investment or asset class and to change such allocations;
- to designate the broker-dealers or others with which transactions for the account will be effected (see Paragraph D below);
- to retain and replace, or not, any person providing investment advice, securities recommendations, model portfolios or other services to SFG, as deemed appropriate by SFG, from time to time; and
- with regard to Investment Advisory Agreement, to retain and replace any investment adviser representative providing services on behalf of SFG, as deemed appropriate by SFG.

|  |  |                  |                  |
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**D. Trade Execution through Commonwealth.**

1. **Implementation.** Upon development and implementation of an investment strategy for the account, SFG Advisers shall effect the purchase or sale of securities in his capacity as registered representative of Commonwealth through Commonwealth. See also Paragraph V immediately below and Items 8.C(1) and 12.B below.

SFG Advisers who are also registered representatives of Commonwealth are subject to both contractual and regulatory requirements to execute all securities trades through Commonwealth.

2. **Custodian Instructions.** Physical custody and clearing services for accounts are provided with NFS, an affiliate of Fidelity Management Trust Company, Inc. Commonwealth and/or NFS may charge transaction, ticket and/or other charges that client can review with client's Commonwealth registered representative. Upon opening custodial account with NFS or any other qualified custodian for client accounts, SFG shall provide the client with notice of the name and address of the qualified custodian identifying the manner in which the client's funds are held. SFG shall also provide notice to the client upon any change to this information.

While SFG does not take physical custody of client funds or securities, with client authorization in the Investment Advisory Agreement, SFG instructs the qualified custodian as to the fees to be deducted directly from client's account, as evidenced by a statement, (forwarded to the client and the custodian at the same time) showing the amount of fees, the value of the assets in the account on which the fees were based, and the manner in which the fees were calculated. Further, the custodian, not SFG, will send to the client a statement at least quarterly, indicating the amount of funds held in the client's account and identifying the securities in each account at the end of the quarter, and set forth all transactions in the account during the period, including noting all amounts disbursed from the account, including fees paid to SFG. The client will be responsible for verifying the accuracy of the fee calculation as the custodian will not determine if the fee is calculated correctly. The client is urged to compare the information included in any statements sent by SFG against those sent by the qualified custodian.

**E. Portfolio Reviews.**

1. **Periodic Reviews.** Each Investment Advisory Service account is reviewed on a periodic basis by the client's SFG Adviser to determine that the investments are in line with client's identified objectives and that investment guidelines and account restrictions are being followed. The SFG Adviser monitors and reviews clients' accounts to determine the appropriateness of the portfolio weightings, whether the account is presently meeting performance and investment objectives by individual securities, and whether then-prevailing economic conditions and market trends are appropriately reflected in investment models and strategies. SFG contacts clients from time to time, regarding the market and possible opportunities. SFG generally discusses changes in any investment with the client before effecting such change and encourages clients to contact SFG with questions

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and/or comments. SFG also encourages meetings between clients and SFG Advisers to review clients' portfolio, no less frequently than annually.

2. **Client Initiated Reviews.** All accounts receiving Investment Advisory Services are also reviewed whenever the client communicates to client's SFG Adviser a preference for an alternative investment strategy or the occurrence of some event or change in circumstances that would serve to alter the client's investment objectives.

3. **Morningstar Reviews.** The client's SFG Adviser, using the Morningstar Principia Pro data; Morningstar Work Station (a web-based application) and analytical software, performs periodic reviews for clients selecting the Investment Advisory Service. All such reviews are conducted internally by the SFG Adviser, who may determine on the basis of such review, together with other data, that the client may benefit from a realignment or rebalancing of assets. In such instance, the SFG Adviser may correspond with the client, make telephone contact or schedule a meeting.

4. **Advent Browser Report.** The client's SFG Adviser distributes, from time to time, utilizing Advent Browser software, a report illustrating performance, sector allocation, gains, benchmarking and other investment tracking criteria.

In addition to, or instead of, Investment Advisory Services above, clients may, choose SFG's Financial Planning Services (see Paragraph III immediately below) or Investment Recommendation Services (see Paragraph IV immediately below) or some clients may opt not to use any of the SFG services, but to solely establish a brokerage account with Commonwealth and execute trades through client's SFG Adviser who is also a Commonwealth registered representative.

### **III. FINANCIAL PLANNING SERVICES**

This service is offered to clients as a stand-alone, non-discretionary, non-continuous service.

A. **General.** Where clients elect SFG's Financial Planning Service, such service results in the presentation to the client of a written financial plan as of a date certain ("Plan") designed according to the client's input as of a specified date and dated instructions (it may involve the client's complete financial picture or only some discrete issue about which the client requires financial planning advice).

In general, the Financial Planning Service and the Plan identify client's needs and goals taking into account client's then identified investment objectives for the short and long term, client's then identified risk tolerance, client's assets and liabilities, and other information client believes might be helpful or pertinent to the SFG Adviser in constructing the Plan. The SFG Adviser takes the information supplied by client and performs a financial analysis to determine the components of the Plan and the basis for the SFG Adviser's recommendations. Finally, the SFG Adviser provides the client with recommendations designed to meet client's short and/or long term and/or other stated objectives, risk tolerance and

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investment criteria. Specific investment recommendations are not made in this process; rather, a client is presented with general advice as to potential sector and asset class allocation.

B. **Financial Plan Review.** At client's request, an SFG Adviser will update and/or review an existing Plan to determine whether it continues to meet the client's objectives, changed or otherwise. For the Financial Plan Review, the same financial planning criteria set forth above are utilized.

C. **Implementation.** Once the SFG Adviser has completed the Financial Plan, a client is under no obligation to obtain additional services from SFG. The client may elect to take no action in respect of the Plan or may elect to take the Plan to whomever client chooses for additional action, including investment purchases, if any. If client determines to have SFG Advisers in their capacities as Commonwealth registered representatives implement the recommendations and/or have SFG actively manage or review a portfolio, client makes a portfolio services election pursuant to Paragraph II immediately above and thereby becomes an Investment Advisory Services client. Alternatively, the client may elect to receive Investment Recommendation Services under Paragraph IV immediately below.

#### **IV. INVESTMENT RECOMMENDATION SERVICES**

SFG offers a separate service for clients who do not meet minimum portfolio requirements for its Investment Advisory Services or who do not desire continuous or ongoing advisory services (See Paragraph II above) or financial planning (See Paragraph III immediately above), but who wish SFG's recommendations, from time to time, regarding potential investments, to implement client's financial plan or otherwise. To the extent client wishes to effect any recommendations provided in this manner, SFG recommends that client use Commonwealth. Although the client is under no obligation to choose Commonwealth and may designate another broker, given that all SFG Advisers are registered representatives of Commonwealth, any client use of another broker dealer may subject SFG Advisers in their capacities as Commonwealth registered representatives to additional requirements and restrictions, if not prohibitions, imposed by Commonwealth. See also Items 8.C(1) and 12.B below. The client selecting Investment Recommendation Services is afforded reviews of their investments only upon specific request of the client.

#### **V. INVESTMENT ADVISORY AGREEMENT**

A. **Termination.** Client has the right to terminate the Investment Advisory Agreement in its entirety, exercisable at client's sole option and without penalty or SFG charge, for five business days from the date of client's signing the Investment Advisory Agreement. Further, SFG or client may terminate that Agreement at any time by providing notice of such election to the other party, and termination will become effective upon receipt of such written notice. The Investment Advisory Agreement will terminate automatically upon the receipt by SFG of legal notice of the death of the client, together with notice of termination by legal representative of deceased. Advisory fees, if any, which are prepaid and where no advisory services are rendered in connection therewith, are refundable in full (or, as the case may be, in proportion to the amount of unused services) upon Client's cancellation of the Investment Advisory Agreement. Client is not entitled to refunds of commissions and other like charges paid in connection with the execution of securities transactions.

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B. **Dispute Resolution/Arbitration** To the fullest extent permitted by law, any controversy arising out of or relating to client and its transactions with SFG and the Investment Advisory Agreement, or breach thereof shall be settled by arbitration, in accordance with the rules then in effect of the Financial Industry Regulatory Authority ("FINRA") or any successor or similar arbitration organization authorized under the Agreement or applicable laws to hear the dispute. Judgment upon any award rendered by the arbitrators is final and binding and may be entered in any court having jurisdiction thereof.

**The agreement to arbitrate may not be deemed enforceable under federal and/or state securities laws.** To the extent the arbitration agreement is deemed otherwise enforceable, it shall not constitute a waiver of any of client's rights, to the extent such rights are deemed unwaivable under federal and/or state securities laws, including the right to choose the forum, whether arbitration or adjudication, in which to seek resolution of disputes. Client should note that federal and state laws impose liability under certain circumstances for persons acting in good faith and without regard to any allegation of negligence or willful malfeasance therefore noting in the Advisory Agreement, express or implied, shall in any way constitute a waiver or limitation of any rights that the Client may have under federal or state securities laws.

**Item 1.C  
and 1.D**

**I. Compensation and Other Costs.**

**A. INVESTMENT ADVISORY SERVICES COMPENSATION**

**1. Percentage of Assets Based Compensation.**

(a) Clients choosing Investment Advisory Services (described in Item 1.A. Paragraph II above) will compensate SFG based on a percentage of the total value of their portfolio (including annuities consisting of no-load funds for which SFG Adviser did not receive any commission upon purchase, but there may be additional costs - See Items 3 and 8.C(9) below) as of the last business day of each prior calendar quarter. See Paragraph D immediately below for additional costs for which client may be responsible. Generally, such compensation is calculated by multiplying the portfolio value at the end of each calendar quarter, as adjusted (see immediately below), by one fourth (1/4) of the annual percentage set forth below.

(b) SFG also draws a distinction between new clients (those without existing accounts where SFG has not received transaction-based compensation) and those who are existing clients (those with existing accounts where SFG has already received transaction-based compensation). As illustrated below, existing clients who convert their account(s) to managed account(s) are offered a discount rate. Regardless of whether the client is new or converting from an existing account, the initial total portfolio value must meet a minimum. Unless otherwise negotiated, the clients of Donald J. Sowa generally must have an initial total portfolio value of \$250,000 or more, and all other clients of SFG seeking investment advisory services are required to have an initial total portfolio value of \$75,000 or more. See also Item 10 below.

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(i) **New Clients.** The annual fee percentage is a tiered fee schedule generally applicable to new clients on amounts comprising such client's portfolio is as follows:

| Tier | Applies to Assets Under Management                          | Percentage of Assets |
|------|---|----------------------|
| 1    | The first \$250,000   | 1.25%                |
| 2    | Additions and/or Amount from \$250,000.01 to \$500,000.00   | 1.00%                |
| 3    | Additions and/or Amounts from \$500,000.01 to \$750,000     | 0.80%                |
| 4    | Additions and/or Amounts from \$750,000.01 to \$1,000,000   | 0.70%                |
| 5    | Additions and/or Amounts from \$1,000,000.01 to \$1,500,000 | 0.65%                |
| 6    | Additions and/or Amounts from \$1,500,000.01 to \$2,000,000 | 0.60%                |
| 7    | Additions and/or Amounts over \$2,000,000                   | As agreed            |

The annual percentage applicable to new clients shall be charged based on the above tiered fee schedule. For instance, new client fees shall be assessed in the following manner: The client shall be charged (a) 1.25% of the first \$250,000.00 in the client's account; (b) 1.00% on amounts in client's portfolio between \$250,000.01 to \$500,000.00; (c) 0.80% on amounts in client's portfolio between \$500,000.01 to \$750,000.00; and (d) following the fee tiers for each addition or increase to the account raising the value of the account to each tier benchmark.

(ii) **Existing Clients.**

(A) **Wishing to Convert.** The annual percentage applicable to existing clients who have already paid transaction-based compensation and wish to convert assets to Investment Advisory Services shall be as negotiated by the client and SFG, and different clients engaged in identical transactions may pay more or less than other clients for the same services. Client may be able to obtain comparable services provided by and/or through others for lower fees.

(B) **Wishing to Remain Investment Recommendation Service Clients.** Existing clients not wishing to convert to the Investment Advisory Service program may continue to use solely the Financial Planning Service or services

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under the Investment Recommendation Service method, each as described above.

(C) **Flat Fee or Hourly Rate.** As an alternative to the above stated percentage of assets for Investment Advisory Services, certain Investment Advisory Service clients may elect to compensate SFG for Investment Advisory Services via a flat fees or an hourly rate or as otherwise may be negotiated, from time to time. The usual hourly fee ranges from \$150 to \$350 per hour depending on the complexity of the portfolio and flat fees are based on nature of the services sought and the complexity of the engagement. No matter the form of compensation or amount of compensation agreed upon, compensation is due and payable upon payable upon the rendering of the service, unless otherwise indicated in writing signed by Client and Adviser.

(D) **Variations.** Clients may negotiate fees different from those enumerated above, as evidenced by a writing signed by Client and SFG. The aggregate amount paid by clients may vary, and clients (given the differences between and among clients, their needs and their distinct objectives, and the possible varying complexities) may pay different rates and/or fees, which means different clients may receive the same services, but pay different rates and/or fees.

(E) **Other Information.**

**1. No Percentages Greater Than Those Stated.**

Certain clients may pay percentage of asset-based compensation that is less than that stated above, but in no instance are percentages greater than those stated above.

**2. Fluctuations in Total Portfolio Value.**

Subsequent fluctuations in the total value of a client's portfolio occasioned solely by market forces may result in adjustments to the annual percentage rates set forth above for clients paying asset-based compensation. Subsequent increases in the total value of client's portfolio may entitle that client to lower the annual percentage rate to be paid. Alternatively, decreases in a portfolio value occasioned solely by market conditions will not automatically result in that client paying a higher percentage occasioned by the above-stated ranges.

**3. Possible Availability of Lower Percentages.**

Client may be able to obtain comparable services provided by and/or through others for lower percentages.



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**4. Method of Payment.** SFG asset-based compensation is calculated on the basis of the value of the account as of the last business day of each prior calendar quarter and on the date of each withdrawal (other than for *de minimis* amounts). SFG compensation is payable on the first working day of each calendar quarter. For Accounts which are opened or terminated within any given calendar quarter, SFG will charge the client asset-based compensation on a *pro rata, per diem* basis for the period of time during which the assets are managed by SFG. Additions to the portfolio (other than *de minimis* amounts) will be valued from the date added through to the earlier to occur of the date of withdrawal or the end of each calendar quarter. No asset-based compensation is paid in advance. Client may reimburse the portfolio for asset-based compensation charged and paid to SFG.

Asset-based compensation is paid to SFG and/or SFG Advisers by Commonwealth, pursuant to a written authorization from the client, from funds then available in the client's account unless otherwise directed in writing the client. See Item I.A, Paragraph II.D.2.

**5. Commonwealth Retention.** Commonwealth retains ten (10%) percent of the total advisory fee for its advisory administrative services (reviewing and monitoring recommendations) pursuant to a contractual agreement between Commonwealth and each SFG Adviser who is a Commonwealth registered representative.

**6. Portfolio Design Fee.** For those clients who approach SFG for advisory recommendations in respect of transferring to SFG assets and/or portfolios existing outside of SFG, client may be charged for the Portfolio Design, as negotiated and agreed to by client. Clients will be informed in advance regarding the amount of the Portfolio Design Fee.

**7. Redemptions / Liquidations.** There may be instances when investments have to be liquidated or certain shares redeemed in order to generate sufficient cash to cover compensation due SFG. Pursuant to the Investment Advisory Agreement and/or agreements with the broker-dealer and/or qualified custodian of the Account, client authorizes SFG to effect such redemptions and/or liquidations as its compensation becomes due. If and when such liquidation or redemption becomes necessary, client is responsible for any attendant transaction costs including, without limitation, service fees.

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In the event there is insufficient cash available in the money market fund in the account to effect payment of quarterly compensation, SFG will generally direct the liquidation/redemption of securities by first redeeming, as necessary and if possible, securities within a client's account for which no transaction fee will be generated; subsequent redemptions are made with the objective of minimizing, as much as possible, the payment of transaction fees. For example, if client's account contained a variety of mutual funds, a forced redemption would proceed as follows (where "(i)" is the first to be redeemed):

- (i) Short Term Bond Fund- No load, no transaction cost, next day settlement;
- (ii) Government Bond Fund- No load, no transaction cost, next day settlement;
- (iii) Any other Bond Fund with no load, no transaction cost, next day settlement;
- (iv) Any other no load, no transaction cost, next day settlement - bond or equity fund;
- (v) Any other no load, no transaction cost, three or five day settlement - bond or equity fund.
- (vi) Any other fund available.

## **B. FINANCIAL PLANNING SERVICES COMPENSATION**

1. **Flat Fee or Hourly Rate.** The fees for Financial Planning Services are based on either a Flat Fee which ranges usually from between \$200 and \$750 depending upon the complexity of the Plan or charged as an hourly fee which ranges from \$150 to \$350 per hour depending on the complexity of the Plan unless otherwise agreed in writing by SFG and client. The same compensation is payable to SFG for a review of an existing Plan. SFG advises clients in advance as to what the Plan or Review will cost.

2. **Payment/ Date.** Flat fees are payable generally according to the following schedule: up to one half (not to exceed \$500.00) at the time of signing the Investment Advisory Agreement and the balance upon delivery of the financial plan, or at the time such other described planning services are rendered. Hourly compensation is due and payable upon receipt of a bill from SFG.

3. **Variations.** Clients may negotiate fees different from those enumerated above, as evidenced by a writing signed by both Client and SFG. The aggregate amount paid by clients may vary, and clients (given the differences between and among clients, their needs and their distinct objectives, and the possible varying complexities) may pay different rates and/or fees, which means different clients may receive the same services, but pay different rates and/or fees.

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**C. INVESTMENT RECOMMENDATION SERVICES COMPENSATION**

Fees for Investment Recommendation Services may be charged as an hourly, fixed or other fee as may be negotiated as evidenced by a writing signed by Client and SFG. SFG's Advisers in their capacities as registered representatives of Commonwealth receive compensation for advice provided through the Investment Recommendation Services option (see Items 1.A and 1.C and D above) from commissions and/or sales charges in connection with the purchase and/or sale of securities in the portfolio. Clients requesting recommendations only, from time to time, may be charged a flat rate, hourly fee, or such other compensation as is mutually agreed by the parties.

**D. ADDITIONAL COSTS**

In addition to the compensation paid to SFG under the above options, the Client may be responsible for one or more of the following costs, charges or expenses.

1. **Management Fees Charged by Mutual Funds.** To the extent SFG advises a client to invest in mutual funds and/or variable annuities, the client will bear their proportionate share of the internal management expenses of each mutual fund and/or variable annuities. All compensation paid to SFG or the SFG Adviser for its services is separate and distinct from the fees and expenses charged by mutual funds and/or variable annuities for their respective services. These fees and expenses are described in each fund's prospectus and/or variable annuity brochure. These fees will generally include a management fee, administrative fee(s), other expenses, and a possible sales and/or distribution fee(s) (initial or deferred). A client could invest in a mutual fund and/or variable annuities directly, without the services of SFG or the SFG Adviser. In that case, the client would not receive the services provided by SFG or the SFG Adviser. The client should review both the fees charged by the funds and/or variable annuities and the compensation paid SFG or the SFG Adviser to fully understand the total amount of costs paid by the client and to thereby evaluate the services being provided by SFG or the SFG Adviser.

2. **Transaction Charges/Custodian Fees.** To the extent SFG recommendations are implemented on behalf of client, client may also pay a brokerage commission, ticket, transaction and/or other like charges. Client should investigate fully with client's Commonwealth registered representative the conditions under which transaction and commission charges are imposed and in what amounts. Clients selecting asset-based compensation options do not pay brokerage commissions or sales charges, but clients may still be responsible for transaction and ticket charges. See Item 8.C(1) below.

3. **Other Expenses/Fees**

(a) So-called trailing fees and/or 12b-1 fees may be derived from the placement of client's assets in mutual funds and/or no-load variable annuities and the benefit therefrom may be enjoyed, directly or indirectly, by the SFG Adviser. As of April 2, 2007, any and all such 12b-1 and/or trailing fees shall be credited back to clients. Assets placed in mutual funds and/or no-load variable annuities, paying 12b-1 fees, may be higher than other like products providing similar services. Assets placed in so-called A shares may entitle clients with large investments to breakpoints on sales charges not available to comparable investments in B shares (moreover, purchase of A shares recommended are effected at net asset value without regard to

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breakpoints) and investment in A shares generally produce higher returns than B shares for long-term investors.

(b) Further, a client may pay transaction fees for the purchase of mutual fund securities and/or no-load variable annuities that the client may or may not pay if the client had purchased the security directly and/or through a broker-dealer other than Commonwealth (i.e., no-load mutual funds). There may be additional fees and charges (e.g., IRA, custodial fees) charged by the qualified custodian, NFS, or other clearing brokers.

(c) All other fees and charges, if any, are set forth in the Investment Advisory Agreement signed by Client and related to the client selected service(s).

4. **Taxes, Etc.** Client is solely responsible for any and all tax consequences in his/her portfolio.

5. **Comparable Services.** Client may be able to obtain comparable services provided by and/or through others for lower fees than those summarized above.

**Item 3.K(3)**

SFG may provide investment advisory services that advise clients with respect to other direct participation programs including alternative energy programs, research and development programs and leasing programs. Indeed, certain of SFG's clients may be participants in the Boston Capital Tax Credit Program.

**Item 3.L**

SFG presently may recommend that certain clients invest in alternative instruments, including real estate investment trusts. SFG Advisers may advise client(s) as to annuities, from time to time. See Items 4.C(7) and 8.C(9) below. Although SFG's primary business is investment advice, SFG Advisers (in one or more capacities - see Items 6, 8, 12 and 13) may advise certain clients as to annuities. Clients electing to include variable insurance products in their portfolio should consider a number of factors unique to these products: (i) short-term liquidity may be diminished as a result of possible surrender charges; (ii) breakeven points may be higher (as opposed to other products such as a mutual fund) given the higher expenses associated with variable annuities and the longer period of time necessary for the tax benefits to exceed these expenses; (iii) a tax penalty for any withdrawal prior to age 59 ½ may apply (as opposed to mutual fund and other types of investments); (iv) income from variable annuities is taxed at the applicable ordinary income tax rate (not capital gains); and (v) typically variable annuities are undesirable in any tax qualified retirement account since no additional tax deferred treatment of earnings is provided by purchasing a variable annuity. See also Items 1.C and D and Item 8.C(9).

**Item 4.B(8)**

SFG utilizes input from various sources in making decisions and the sources may vary from one client to another and one source or more may predominate during certain periods. SFG periodically monitors CNBC, receives periodic publications and recommendations from broker-dealers, other investment professionals and other investment advisers and reviews publications and on-line services such as Morningstar, the Wall Street Journal, Forbes, Fortune, etc., to aid in the evaluation of various investment vehicles and to gather information about general market trends. See also Item 8.C(2).

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**Item 4.C(7)**

SFG offers investment advice on various securities including equities, corporate debt, municipal, U.S. government securities and annuities with an emphasis on investment company shares (mutual funds). SFG's investment strategies include long and short-term purchases but SFG does not recommend short sales, margin or options in client accounts. SFG's investment strategies may include the following:

Analysis of major economic, financial and political events.

Analysis of Portfolio investment performance summaries.

Adjustment of Portfolio weightings to changes in client's stated needs, investment objectives and risk tolerance.

Adjustment of Portfolio weightings to changes in the business cycle, the capital markets and the risk-return relationships both within and between the asset categories.

Specific buy/sell/hold decisions dictated by the client.

The investment recommendations and strategies provided by SFG and SFG Advisers may vary among clients, notwithstanding the existence of similar investment objectives, risk tolerances and/or other factors. Clients utilizing the same general category of investment strategy may experience different results in their Portfolios. See also Items 1.A and 1.D and Item 3 above and Item 8.C(9) below.

**Item 5**

**Education and Business Standards.**

SFG requires an appropriate employment history in the area of business or finance that would indicate an ability to render investment advice and/or account management. SFG generally expects its SFG Advisers to have obtained (1) a FINRA Regulation General Securities (Series 7) or equivalent license; and/or (2) a Series 65 (state investment adviser representative) license; and/or (3) a Series 66 (state investment adviser representative / agent); and/or (4) have achieved such professional designation recognized under the regulations of the Rhode Island Department of Business Regulations, including Certified Financial Planner™ designation; or (4) otherwise qualify for registration as an investment adviser representative under the laws and regulations of the State of Rhode Island. Predecessor licenses may be substituted where applicable.

**Item 6**

**Education and Business Background.**

**Donald Joseph Sowa** (President; SFG Adviser) (born 1953) -- served as the principal of the Sowa Financial Group proprietorship from 1993 until the incorporation of Sowa Financial Group, Inc. ("SFG") on January 1, 2000, at which time he became President, and SFG Adviser. Mr. Sowa has a BS in Business Administration from Bryant College in 1978 and earned his CFP® designation from the College of Financial Planning in 1991. Mr. Sowa has been a registered representative of Commonwealth since January 1993. Mr. Sowa holds FINRA Series 6, 7, 22, 24, 62, 63 and 65 licenses. He also holds an Insurance Producers License issued by the State of Rhode Island.

**Steven James Beauvais** (SFG Adviser) (born 1959) -- has been an SFG Adviser with the Sowa Financial Group proprietorship and its successor SFG since January 1995. Mr. Beauvais attended Rhode Island College for one year where he studied liberal arts and he

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|  | <b>Sowa Financial Group, Inc.</b>          | 801-43008        | <b>3/31/2010</b> |
| 1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:<br><b>Sowa Financial Group, Inc.</b> | IRS Empl. Ident. No.:<br><b>05-0509395</b> |                  |                  |
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obtained his CFP® designation from the College of Financial Planning in 1991. Mr. Beauvais has been a registered representative of Commonwealth since January 1995. Mr. Beauvais holds FINRA Series 1, 7 and 63 licenses as well as an Insurance Producers License issued by the State of Rhode Island.

**DonnaGrace Sowa Allard** (SFG Adviser, LTC Consultant) (born 1981) – joined SFG in January, 2006 as officer manager and has assumed the role of long-term care consultant. Ms. Sowa Allard received her BS in Finance from Providence College in 2003. She is a registered representative of Commonwealth since 2006. Ms. Sowa Allard holds FINRA Series 7 and 66 licenses and has earned the CLTC professional designation from the Corporation for Long-Term Care Certification, Inc. She also holds an Insurance Producers License issued by the State of Rhode Island. Ms. Sowa Allard is presently a candidate for the CFP® designation.

The mark of CFP® identifies those individuals who have met the experience and ethical requirements of the CFP® Board, have successfully completed financial planning coursework and have passed the CFP® Certification Examination covering the following areas: the financial planning process, risk management, investments, tax planning and management, retirement and employee benefits, and estate planning. CFP® designees must also agree to meet ongoing continuing education requirements and to uphold the CFP® Board's *Code of Ethical and Professional Responsibility and Financial Planning Practice Standards*.

**Item 7.A, B and C**

SFG, itself, does not sell products or services other than investment advice (e.g., Investment Advisory Service, Financial Planning Service and Investment Recommendation Service as described above in Items 1.A. and 1.C. and D. above) to clients; however, SFG Advisers may sell investment/insurance products or services, and may be compensated for same as described in Item 8.C(9) below. See also Item 3.L.

**Item 8.C(1)**

**Broker-Dealer.** While SFG does not believe Commonwealth is a related person of SFG, it is true that presently all SFG Advisers are registered representatives of Commonwealth (See Items 1.A and 1.D and 6 above, and Item 12). Commonwealth is a securities broker-dealer and a member of FINRA and an investment adviser registered with the Securities and Exchange Commission. Commonwealth's registered representatives may act as the advisory client's representative in the execution of securities transactions on a normal and customary basis. Moreover, Donald J. Sowa is a designated Office of Supervisory Jurisdiction for Commonwealth. Commonwealth, through SFG Advisers, provides securities execution and other services. SFG Advisers, in their capacities as Commonwealth registered representatives, are subject to the supervision and control of Commonwealth and may receive commissions and other payments from Commonwealth for the sale of securities products and services. Trades in client accounts selecting SFG's Investment Advisory Services shall be executed through Commonwealth. Moreover, SFG Advisers who are registered representatives of Commonwealth (see Item 6 above) are subject to both contractual undertakings with Commonwealth and regulatory requirements to execute all securities trades through Commonwealth. See Item 12.B below. Commonwealth and/or other brokers may charge transaction, ticket and/or other charges that are obligations of the client to pay unless otherwise agreed in writing. (See also Item 1.C, Paragraph D). SFG Advisers may receive compensation for their activities as registered representatives.

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**Item 8.C(2)**      **Investment Company.** While SFG does not have a related person who is an investment company, certain mutual funds may provide assistance, from time to time, to SFG in presenting informational seminars to clients and/or prospective clients. Such assistance may include providing the following: marketing support and/or other support such as facilities, catering and the like.

**Item 8.C(9)**      **Insurance Company or Agency.** Neither SFG nor any of SFG's Advisers is an insurance company or agency, but presently all SFG Advisers hold Insurance Products Licenses from the State of Rhode Island (See Item 6 above) and as such may receive customary commissions on insurance products sold (other than annuities included in a client's portfolio upon which a management fee is charged. See Item 1.C above. As noted in Item 1.C above, if a client has annuity product(s) with no-load funds and requests SFG or an SFG Adviser to provide Investment Advisory Services (See Item 1.A, Paragraph II above) or Investment Recommendation Services (See Item 1.A, Paragraph IV above), the value of the applicable funds will be added to the client's portfolio and an advisory fee based on a percentage of assets will be charged unless otherwise agreed in writing by SFG and client.

**Item 9**      **Code of Ethics.** SFG has adopted and provided to all SFG Advisers its *Code of Ethics* ("Code"), as amended from time to time, which provides guidance on certain issues to assist SFG's employees in conducting themselves consistent with significant ethical principles. The Code challenges all of SFG's staff members to live up to the law and to conduct themselves with honesty and integrity and in compliance with all rules, laws and regulations of state and federal agencies that regulate SFG. SFG's Code further contains provisions preventing employees from misusing clients' holding, transaction and other confidential information. A copy of SFG's Code shall be furnished to any client upon request.

SFG has also adopted its Guidelines for Personal Transactions and Prevention of Misuse of Material Non-Public Information ("Transaction Guidelines"), which along with the Code, impose restrictions and reporting requirements on its officers, directors and employees when effecting transactions for themselves or their accounts in securities recommended to clients and cautions against misuse of material non-public information. See Item 9.E below.

SFG's Code is available to clients and prospective clients at no charge upon request directed to:

Sowa Financial Group, Inc.  
855 Waterman Avenue  
East Providence, RI 02914  
Telephone: (401)434.8090

**Item 9.B**      A conflict of interest may arise where the recommendations or strategies developed by SFG, or the selection by client, of a particular investment or service over other competing products or services may result in client paying more than if client purchased the investment or service directly and may result in additional compensation being paid to SFG. SFG has instructed all SFG Advisers to disclose any compensation to be paid to SFG and the SFG Adviser, and inform the client of his/her freedom to purchase investments from other provider(s).

SFG Advisers are registered representatives of Commonwealth a securities broker-dealer, and will be compensated for effecting securities transactions. As a broker-dealer, Commonwealth engages in a broad range of activities normally associated with securities brokerage firms. Pursuant to the investment advice given by SFG and/or SFG Advisers,

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investment in securities may be recommended for clients. If Commonwealth is selected as the broker-dealer, it may effect transactions in securities for clients of SFG or SFG Advisers. By serving as the broker-dealer, Commonwealth and its registered representatives, including SFG Advisers, may receive commissions for executing securities transactions. When commissions are received by SFG Advisers in connection with the advice given to advisory clients, SFG may, but is not obligated to, reduce a portion of its fees by the amount of the commissions earned by SFG Advisers. See also Item 12.B.

The selection of investments and/or mutual funds not offered by Commonwealth may provide an incentive for SFG's Adviser's choice of certain securities and products and not others.

SFG prohibits any employees from receiving any compensation in connection with such employee's position with SFG except as permitted under applicable SEC, FINRA and state guidelines, including related disclosure requirements.

#### Item 9.E

**Buys and Sells Securities for Own Account.** During the normal course of business, SFG's employees and related persons ("Personnel and Related Persons") may also be clients of SFG and, therefore, may purchase and sell securities that may also be recommended by SFG to clients. As indicated in Item 9 above, SFG has adopted Transaction Guidelines and Code of Ethics related to such purchases/sales by such SFG Personnel and Personnel's Related Persons. SFG Personnel and Personnel's Related Persons may not typically invest in any securities as a co-investor with any client, and, except with respect to mutual funds and/or fund families, and certain widely held securities, and as set forth with the Transaction Guidelines. SFG requires its employees wishing to buy or sell any publicly-traded security, other than mutual funds and other excepted securities as set forth within the Transaction Guidelines, to follow the "last in" and "last out" rule for the trading day when the trade occurs in close proximity to the client trade or wait until at least one business day after the client has established his position or declined to act before purchasing or selling the security for their account (incidental trading which is minimal in relation to the total outstanding value, and as such would have a negligible effect on the market price are, typically, not subject to the foregoing restriction).

SFG will use its best efforts to cause its employees, not to: (i) induce or cause a client's account to take action, or to fail to take action for the purpose of achieving a personal benefit or benefit for Related Persons rather than to benefit the accounts of its clients (e.g., causing a client's account to purchase a security owned by the SFG's employee for the sole purpose of supporting or driving up the price of the security, or causing the client's account to refrain from selling a security in an attempt to protect the position of an investment of the SFG's employee or that of a Related Person) and (ii) use knowledge of transactions in a client's account solely to profit to the detriment of the client's account by the market effect of such transactions.

SFG's employees may also be clients of SFG. It is generally the policy of SFG not to favor any one client over another in making advisory recommendations, subject to the suitability of those recommendations to an individual client and the specified investment objectives of a client. Subject to the guidelines referred to above, SFG and/or its employees may take investment action contemporaneously with or at different times from investment action recommended on behalf of one client and such investment action may be similar to or different from investment action (as to the advice given or the timing or nature of action) on behalf of another client.



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**Item 10** For clients seeking Investment Advisory Services set forth in Item 1.A - 1.D, SFG has minimums on the initial total portfolio value. The clients of Donald J. Sowa generally must have an initial total portfolio value of \$250,000 or more. All other clients of SFG seeking Investment Advisory Services are generally required to have an initial total portfolio value of \$75,000 or more. All of the foregoing may be negotiated from time to time by certain clients of SFG.

**Item 11.A** See Item 1.A - 1.D and Item 6 above.

**Item 11.B** See Item 1.A. - 1.D above.

**Item 12.A** Generally, SFG exercises discretionary authority over Investment Advisory Services client accounts pursuant to a grant of discretionary authority from clients in the Investment Advisory Agreement and may exercise discretion to determine which securities are to be purchased or sold in a client's account, the amount of securities to be purchased or sold, whether the securities are to be purchased or sold, which broker-dealer or other account custodian(s) are to be engaged by clients, or the commission rates/sales charges to be paid by clients or to exercise of any proxy. SFG's exercise of discretionary authority over accounts shall be managed on the basis of that client's identified financial situation and investment objectives and consistent with any reasonable restrictions imposed by the client, as shall be provided by clients to SFG from time to time. Client, under the Investment Advisory Agreement, authorizes SFG to issue broker instructions to the client's broker-dealer. If a third party program is selected, client account(s) may be subject to such applicable program's disclosure statement(s).

**Item 12.B** SFG recommends the use of Commonwealth as the broker-dealer. Clients should note that they are under no obligation to purchase securities through SFG Advisers or Commonwealth. However, if the client wishes to implement the advice through SFG Advisers, then the broker-dealer used must be Commonwealth. SFG Advisers who are also registered representatives of Commonwealth are subject to both contractual undertakings with Commonwealth and regulatory requirements to execute all securities trades through Commonwealth. See also Items 1.A - 1.D and 8.C(1) above. Client transactions will be charged according to Commonwealth's then-current commission schedule and clients may pay higher or lower commission rates and other fees than otherwise available if the transactions were executed at other broker-dealers. The client may be assessed transaction fees charged by custodians and/or product sponsor, in addition to normal and customary commissions, all of which are fully disclosed to the client. These fees and expenses are separate and distinct from any fee(s) charged by SFG.

SFG may use information received from investment professionals and receive assistance in providing informational seminars.

**Item 13** SFG and/or SFG Advisers may, from time to time, receive 12b-1 distribution fees and other compensation from mutual funds and/or annuities in connection with placement of client's funds. As of April 2, 2007, any and all such 12b-1 and/or trailing fees shall be credited back to clients. As previously noted, when commissions or fees are received by SFG or SFG Advisers in connection with the advice given to advisory clients, SFG may, but is not obligated to, reduce its fee proportionate to the amount of the commission or fee earned by SFG or SFG Advisers. However, clients should note that they are under no obligation to purchase any investment products through SFG or SFG Advisers. See Items 1.C and D, 6, 7.A.B and C, 8.C and 9.B above.