

Investment Security Group, Inc. (ISG)

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www.investsg.com

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I. Advisory Business

Since 1992, Investment Security Group, Inc (ISG) has provided comprehensive investment management and financial planning services for individuals, corporations, trusts, estates and company retirement accounts. ISG's principle owners are Michael W. Dibala and David M. Giocomo. Detailed background information for Michael W. Dibala and David M. Giocomo is listed below:

Name/DOB	Michael W. Dibala, Born: 1953
Formal Education	Bucknell University, BA Psychology, 1975 Certified Financial Planner, 1986
Business Background	-01/2009 to present: Investment Security Group, Inc.; Chairman of the Board, Chief Investment Officer, Chief Compliance Officer -09/1992 to 12/2008: Investment Security Group, Inc.; President & Co-Founder/Chief Investment Officer. -Prior to ISG, an additional decade of direct experience in the financial planning / money management industry working primarily with individuals.

Name/DOB	David M. Giocomo, Born: 1953
Formal Education	Colorado State University, BS 1975, M. Ed. 1977 Chartered Financial Consultant, 1996
Business Background	-01/2009 to present: Investment Security Group, Inc.; President, CEO, CFO, COO, Treasurer -7/2005 to 12/2008: Investment Security Group, Inc.; CEO / Financial Advisor -Prior to ISG, an additional 20 years with New York Life Insurance and their subsidiary financial planning unit, Eagle Strategies Corp., working as a financial advisor and providing investment advice, and business and estate planning.

ISG offers advice on the following securities: Equity Securities, including 1) exchange-listed securities 2) securities traded over the counter 3) foreign issues. Warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities. Investment company securities, including 1) variable life insurance, 2) variable annuities, 3) mutual fund shares. United States government securities, options contracts on securities. Interests in partnerships investing in: 1) real estate, 2) oil and gas interests. In the past ISG has also provided advice on other kinds of partnerships: equipment leasing,

cable TV, mortgage programs, etc. ISG will also advise on other products which ISG deems appropriate in order to address the individualized needs, goals and objectives of the client, included but not limited to, private placements for certain qualified investors.

Approximately 97% of Investment Security Group, Inc (ISG) business is providing investment supervisory services. ISG provides a comprehensive asset management program that typically consists of "core" holdings of carefully selected "no load" mutual funds, occasionally supplemented with individual stock, bond and cash instruments. Asset positions are altered as client objectives change or as the economic climate dictates.

Approximately 3% of ISG's business comes from matters not involving securities. This occurs when in select situations, ISG receives commissions from the sale of long-term care or life/disability insurance and annuity type products.

Additional financial planning and investment advice is often included in the annual management fee on matters such as: evaluation of retirement pension options, analysis of insurance needs, preliminary estate planning and charitable giving strategies, retirement income projections, 401(k) investment advice. Occasionally, this type of advice is provided on an hourly basis at \$150.00 per hour.

ISG Assets Under Management as of March 2010:

	U.S. Dollar Amount	Total Number of Accounts
Discretionary:	\$322,040,768.00	1811
Non-Discretionary:	\$21,961,005.00	66
Total:	\$344,001,773.00	1877

II. Fees and Compensation

No fee is based on capital gains or capital appreciation of assets. The billing schedule operates on a calendar year basis, based upon the following rate schedule of annual fees. The initial billing will include a prorata fee for the balance of the current quarterly period, based on the value of the managed assets as determined on the initial setup day. Thereafter, fees are paid in advance of each quarterly period and are based on the value of managed assets as determined on the last day prior to the first day of each calendar quarter and adjusted for any additions or withdrawals from managed accounts that occurred during the quarter.

On occasion ISG may make an exception to the following fee schedule.

Annual Percentage	Managed Assets	
1%	of the first	\$250,000
0.9%	of the next	\$250,000
0.825%	of the next	\$500,000
0.75%/negotiable	of assets over	\$1,000,000

Because mutual funds pay advisory fees to their investment advisors and such fees are therefore indirectly charged to all holders of mutual fund shares, clients with mutual funds in their portfolios are effectively paying both ISG and the mutual fund advisor for the management of their assets. Clients who place mutual fund shares under ISG's management are therefore subject to both ISG's direct management fee and the indirect management fee of the mutual fund's advisor.

ISG typically receives fees directly from the client's account. Specifically, (1) the advisory client provides a written authorization permitting the advisor's fees to be paid directly from the client's account held by an independent custodian or trustee; (2) the custodian or trustee agrees to send to the client a statement, at least quarterly, which includes all amounts disbursed from the account including the amount of the advisory fees paid directly to the advisor. The custodian does not determine whether the fee is properly calculated and it is the client's responsibility to verify the accuracy of the fee calculation. At their option, clients may elect to pay fees with a personal check upon receiving an invoice.

The client has the Right of Recision to terminate the Investment Advisory Agreement within 5 business days of signing without incurring any penalty. Thereafter, prorata charges apply. The investment Advisory Agreement may be cancelled at any time for any reason by either party giving written notice to the other. Notice given by the client shall be effective upon actual receipt by ISG at the address specified on the Investment Advisory Agreement or the then current address, but notice given by ISG shall be effective thirty (30) days after receipt by the client. In the event of termination the regular management fee will be refunded, prorata, from the effective date of termination to the date to which service has been prepaid.

III. Types of Clients

ISG generally provides services to individuals, trusts, estates, charitable organizations, corporations, pensions and profit sharing plans.

ISG requires a \$ 500,000 minimum dollar value in order initiate asset management services. Occasionally, exceptions have been made to this minimum dollar value.

IV. Methods of Analysis, Investment Strategies and Risk of Loss

ISG uses the following analysis methods to determine appropriate securities for client accounts: 1) Charting 2) Fundamental 3) Technical 4) Cyclical. Whenever possible, ISG speaks directly with mutual fund managers and/or their assistants to obtain the most current information regarding their portfolio composition and investment outlook. ISG maintains various Morningstar, Inc mutual fund databases via the internet and computer disk to optimize efficiency in gathering stock, mutual fund and annuity information and running "screens", comparisons, etc. Additionally, ISG utilizes other magazines, newspapers, newsletters, as well as the resources available on the internet, to supplement the information obtained from the above sources.

ISG's overall investment strategy is a dynamic process involving three basic levels. First, ISG assesses the economy and markets to determine the overall percentage allocation into stocks, bonds, and cash asset classes. Next, within these three basic

classes, ISG looks for pricing inefficiencies, and / or early trends to determine what kind of securities should be held, e.g.: larger companies with undervalued assets vs smaller, rapidly growing companies; long term U.S. government bonds vs. intermediate "junk" bonds etc. Finally, once the strategy is in place, ISG tries to identify money managers who have excelled in these various niches, or individual securities are selected. Imposed over this entire strategy are the inherent restrictions of the client's risk / reward profile. Generally, ISG purchases for the longer term (over one year), but occasionally, ISG will engage in shorter term trading activities. However, ISG is not a "market timer".

There is always a risk involved when investing in securities. ISG collects a Risk Tolerance Questionnaire from every client in order to determine the best investment strategy for the client. Additionally, ISG sends out an annual update letter to encourage clients to re-examine their financial goals and expectations. If a significant change is required, a change in the investment strategy letter will be sent to make sure the client is aware of the change.

It is ISG's policy to maintain only the minimum cash balance necessary for client's immediate needs. ISG uses several money market funds or cash "like" options in order to ensure that clients are earning interest on cash balances whenever possible.

V. Disciplinary Information

ISG does not have any legal or disciplinary events that are material to report. In the event that such a legal or disciplinary event occurs, an updated ADV part II brochure will be delivered to clients promptly.

VI. Other Financial Industry Activities and Affiliations

ISG has arrangements that are material to its advisory business or its clients with insurance companies.

ISG, David Giocomo, and Marc Gitlitz actively maintain a Colorado life and health insurance license.

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

ISG has developed a Code of Ethics based on the principle that ISG owes a fiduciary duty to its clients and employees must avoid activities, interests, and relationships that run contrary to the best interests of the clients. ISG's code of Ethics is available upon request.

ISG is in and shall continue to be in total compliance with the Insider Trading and Securities Fraud Enforcement Act of 1988. Specifically, ISG has adopted a Code of Ethics that includes insider-trading compliance by ISG and its associated persons and other employees. Further, ISG has adopted a written supervisory procedures statement

highlighting the steps that shall be taken to implement the "non-public" information, serving as directors of outside organizations and rules regarding acceptance of gifts.

ISG or individuals associated with ISG may buy, sell or own securities for their personal accounts, which are identical to those recommended to, or owned by clients. ISG or individuals of ISG may also buy or sell securities for clients at or about the same time advisors of ISG buy or sell securities for its or their own accounts. The advisor does not believe this practice represents any conflict of interest due to the fact that the minimal buy/sell volume generated by ISG advisor activity will have no effect on the NAV's of the open-ended mutual funds owned by ISG clients.

It is ISG's policy to protect clients right to Privacy. ISG must collect certain personal financial information about its clients to ensure that it offers the highest quality financial services and products. The personal financial information that we gather during the normal course of doing business may include: Information we receive from clients on applications or other forms and information about client transactions with us, our affiliates, or others. We do not disclose or sell any non-public personal information about our current or former clients **EXCEPT** to provide clients with financial products and services or to carry out verbal or written client instructions. There are some exceptions that are permitted by law. We restrict access to personal information about our clients to those employees who need to know that information to provide financial products or services. We maintain physical, electronic, and procedural safeguards that are updated on an ongoing basis and are in compliance with federal standards.

VIII. Brokerage Practices

ISG uses Charles Schwab & Co, Inc as it's broker / dealer. ISG continually monitors other broker / dealers and evaluates the reasonableness of using Charles Schwab & Co, Inc. as its broker / dealer. Some of the factors that are evaluated include compensation, best execution, service, technology, trade commissions and overall reputation.

ISG participates in Charles Schwab & Co., Inc., Institutional Service Program (SISP) and receives some economic benefits from this relationship. Some of the benefits include: receipt of duplicate client confirmations and CD ROM of duplicate statements; access to a trading desk serving SISP participants exclusively; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; ability to have investment advisory fees deducted directly from client accounts; access for a fee to an electronic communication network for client order entry and account information; receipt of compliance publications; and access to mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors. Through the SISP, ISG also receives access to securities and market analysis, computer software, industry seminars and back office support. Occasionally, fees associated with software renewals and seminars are discounted or waived.

IX. Trading

From time to time ISG may make an error in submitting a trade order on your behalf. When this occurs, ISG must place a correcting trade with the Charles Schwab & Co. If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain,

it is not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g. due to tax reasons). If the gain does not remain in your account Charles Schwab & Co., Inc will donate the amount of any gain \$ 100 and over to charity. If a loss occurs greater than \$100, ISG will pay for the loss. Charles Schwab and Co., Inc. will maintain the loss or gain (if such gain is not retained in the client account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses a client account, they may be netted.

X. Review of Accounts

Accounts are reviewed by Don Beckwith, Mike Dibala, Dave Giocomo, Marc Gitlitz, Sandi Johnson, Mitch Powers and Rich Rust. This group reviews over 500 client portfolios. All accounts are continuously monitored in response to either changes in the client's investment objectives or due to changes in the financial markets / economic climate.

Clients generally receive monthly statements detailing portfolio values and the previous month's transactions from their current custodian. Each quarter, clients receive an ISG-prepared report detailing their current positions, asset allocation and year-to-date performance. Commentary on the economy, markets and current investment strategy is also included in the quarterly report.

XI. Payment for Client Referrals

ISG pays a percentage of the asset management fees to third parties who refer business to ISG. Generally, this percentage varies between 20-30% Fee-sharing arrangements are negotiable, however, and may vary. In all situations, a copy of the written agreement between ISG and the solicitor is retained, and a solicitor's disclosure statement, detailing the compensation arrangement and nature of the relationship to the solicitor, is signed by the solicitor and given to the client. If it is more reasonable, ISG will provide a statement disclosing the relationship and compensation arrangement. A signed and dated acknowledgement of receipt of the disclosure statement by the client is then obtained and retained by ISG.

ISG no longer participates, but has previously participated, in the Schwab Advisor Network "the service". This is a service designed to help investors find an independent advisor. For those clients previously referred to ISG by this service, ISG pays Schwab a Participation Fee on all referred client accounts that are maintained in custody at Schwab and Non-Schwab Custody Fee on all accounts that re maintained at or transferred to, another custodian. The Participation Fee paid by ISG is a percentage of the fees the client owes to ISG or a percentage of the value of the assets in the clients account, subject to a minimum Participation Fee. ISG pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by ISG and not by the client. ISG has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs ISG charges clients with similar portfolios who were not referred through the service.

ISG generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This fee does not apply if the client was solely responsible for the decision not to maintain

custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees ISG generally would pay in a single year. Thus, ISG will have an incentive to recommend that clients previously referred to ISG by the service maintain their accounts at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of ISG's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, ISG will have incentives to encourage household members of clients referred through the service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit fees directly from the accounts.

For accounts of ISG's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody, but will receive compensation from ISG's clients in the form of transaction related compensation on securities trades executed through Schwab. Schwab will also receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus ISG may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. ISG nevertheless, acknowledges its duty to seek best execution of the trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for ISG's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

XII. Custody

Charles Schwab & Co., Inc is the custodian generally used by ISG. Client direction and/or broker custody of client assets can limit or eliminate an advisor's ability to negotiate commissions and otherwise obtain best price and execution. Clients will receive account statements directly from Charles Schwab & Co on a monthly or quarterly basis depending on account activity. Clients should carefully review those account statements.

XIII. Investment Discretion

ISG buys and sells securities without obtaining specific client consent for those clients who specifically give us discretionary authority. Prior to implementation, however, a written report outlining the client's basic investment approach and any portfolio restrictions is typically provided to the client. This report also sets out the specific investments planned for the portfolio along with approximate dollar amounts. In addition, ISG does not have the authority to obtain possession of client funds or the availability to appropriate client funds in any of its managed accounts.

XIV. Voting Client Securities

ISG believes it can better serve its clients and meet its fiduciary responsibilities by allocating its time and resources to activities other than reviewing and responding to investment voting proxies. Therefore, ISG's policy is to always vote in accordance with management's recommendations and instead evaluate a company or fund based upon ongoing due diligence efforts which include the following: Review of performance and activities, discussions with management or investment representatives, and final assessments, made by ISG's Investment Committee. Should ISG become dissatisfied with the direction in which management is headed with regard to such issues as performance, changes in investment policy/ownership/management or increases in management fees, ISG can elect to eliminate the investment from its managed accounts.

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Supervised Persons:

Don Beckwith
Sandi Johnson
Rich Rust
Mitch Powers
Marc Gitlitz

Name/DOB	Marc E. Gitlitz, Born: 1954
Formal Education	Colorado State University, B.BA Marketing/Finance 1976 Certified Financial Planner, 1987
Business Background	-01/2008 to present: Investment Security Group, Inc.; Investment Advisor Representative -1983 to present: Integrated Concepts, Inc.; President, CEO

Name/DOB	Donald L. Beckwith, Born: 1946
Formal Education	Harvard Business School, MBA 1974 Colorado School of Mines, 1968
Business Background	-01/2009 to present: Investment Security Group, Inc.; Portfolio Manager -08/2000 to 12/2008: Investment Security Group, Inc.; Vice President, Portfolio Manager -Prior to ISG, over 25 years experience with Fortune 500 and smaller companies in investment evaluation, acquisition analysis, and planning.

Name/DOB	Sandra J. Johnson, Born: 1957
Formal Education	Chartered Mutual Fund Counselor, 2008 Certified Financial Planner, 2001 Chartered Financial Consultant, 2001
Business Background	-03/2005 to Present: Investment Security Group, Inc.; Financial Planner / Assistant Portfolio Manager -01/2001 to 03/2005: Advanced Financial Strategies, L.L.C.; Financial Planning/Business Consultant -01/1992 to 01/2001: Provided financial planning and business consulting as a sole practitioner except in 2000 where she was associated with a Registered Investment Advisor - Petra Financial Advisors.

Name/ DOB	Mitchell R. Powers, Born: 1967
Formal Education	University of Colorado, MBA Finance 1997 University of Utah, BS Economics, 1989
Business Background	-01/2009 - present: Investment Security Group, Inc.; Secretary, Portfolio Manager -01/2008 to 12/2008: Investment Security Group, Inc.; Portfolio Manager -04/2007 to 12/2007: Integrated Concepts Inc.; Portfolio Manager -1997 - 01/2006: Sage Investment Management / Denwiler Capital Management; Partner / Portfolio Manager -1989 to 1997: Fidelity Investments; Senior Financial Consultant (1995-1997), Fixed Income Coordinator (1989 - 1995)

Name/ DOB	Richard R. Rust, Born: 1952
Formal Education	South Dakota School of Mines and Technology, BS Mechanical Engineering 1974
Business Background	-01/2009 to present: Investment Security Group, Inc.; Vice President, Portfolio Manager -07/2007 to 12/2008: Investment Security Group, Inc.; Portfolio Manager -01/2004 to present: Innovative Global Solutions, LLP.; Member of the Executive Committee -01/2003 to 07/2009: Thorson Rocky Mountain, Inc.; Chairman of the Board -01/1987 to 07/2005: Thorson Rocky Mountain, Inc.; President/CEO -Prior to ISG, over 20 years experience as a small business owner partnering with start-up and fortune 100 companies and providing acquisitions analysis, economic evaluation, and organizational management.

Supervision of Supervised Persons: All supervised persons are required to base their investment recommendations off of agreed upon models as designed and revised by ISG's investment committee. Significant exceptions to this process are to be handled on an advisor-by-advisor basis with Michael W. Dibala, CIO, CCO. In addition, as group trades are being executed or as accounts are being reviewed to confirm that they are in balance, account reviewers are required to bring any significant discrepancies to Michael Dibala's attention.

Responsible for Supervision: Michael W. Dibala – Chairman of the Board, CIO, CCO
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