

Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page

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March 15, 2011

This Brochure provides information about the qualifications and business practices of Phoenix Financial, Inc. If you have any questions about the contents of this Brochure, please contact us at (919) 929-4448 or Michele.Nettesheim@RaymondJames.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Phoenix Financial, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

Phoenix Financial, Inc. has not made any material changes to its business since its last brochure update on March 15, 2010. However, in July 2010, the SEC required that the Form ADV Part IIA (also known as a Firm Brochure) begin to be disseminated in a different format and include additional information. This Firm Brochure has been prepared according to the SEC's new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes.

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Item 4 **Advisory Business**

Phoenix Financial, Inc. (“PFI or Adviser”) owned by William W. Farley, Jr. has been an investment adviser registered with the Securities and Exchange Commission since 1992. PFI focuses on providing sophisticated financial planning and wealth management services to the exceptional people who make up this community. From business executives and entrepreneurs to scientists and educators, we work with a broad range of clients and meet a wide variety of needs. Drawing on more than 50 years of financial education and industry experience, our team will work with you to define your financial goals, establish the degree of risk you are comfortable with and tailor a wealth strategy designed to achieve lasting well-being.

Presently PFI focuses on providing services mainly to the following types of clients:

- Individuals
- Retirement plans
- Trusts
- Estates
- Corporations

The Adviser typically offers the following investments:

- Equity securities (exchange listed, over-the-counter, and foreign issuers)
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposits
- Municipal securities
- Investment company securities (variable life insurance, variable annuities, and mutual fund shares)
- U.S. government securities
- Options contracts on securities
- Alternative Investments

Advice is tailored to the individual client’s needs through interviews with clients, the collection of important information, and detailed financial planning, as applicable. Clients may be able to impose reasonable restrictions on their accounts. Reasonable restrictions may include the designation of particular securities or types of securities that should not be purchased in their account (i.e. Company XYZ or companies involved in a particular industry, etc.), or should be sold if held in their account. However, in some cases, since investment discretion has been delegated to a third-party manager, that manager may determine that the implementation of such a restriction may be impractical. In the event that happens, the client will be notified promptly.

As of December 31, 2010, PFI had the following in assets under management:

Discretionary	Accounts: 198	Assets: \$96,219,930.00
Non-Discretionary	Accounts: 22	Assets: \$8,301,852.00
Total	Accounts: 220	Assets: \$104,521,782.00

Financial Planning Services

PFI offers a range of financial planning advisory services to its clients. Such services may include a review of all aspects of an individual’s current financial situation, with emphasis on:

- Income tax planning
- Estate tax planning
- Insurance planning
- Investment planning
- Retirement planning, and
- Capital needs planning.

To the extent other services are needed, the Adviser will assist the individual in those areas in which it is competent to give advice.

The process generally begins with an introductory meeting with the Investment Advisory Representative (“IAR”) to discuss the scope of the plan and principal financial objectives of the client. At the client’s request and after a contract has been completed, the IAR would then receive from the client all necessary financial information.

Additional information may be requested before the presentation of the plan. During these initial meetings the IAR will extensively question the client to determine his/her risk background and past investment experience.

The written financial plan will present the client’s financial strengths and weaknesses. General areas reviewed may include tax and cash flow planning, retirement planning, debt reduction strategies, educational funding requirements, estate analysis, and alternative investment patterns for either increased return or risk adjustment dependent on the client’s age, assets, and current earned income. PFI uses SunGard Planning Station software to create its financial plans. In addition, the IAR may be asked to furnish analysis for closely held small business owners. The plan should enable the client to determine financial goals and objectives, both long- and short-term.

As a follow-up service, Phoenix Financial, Inc. will, at the client’s request, assist the client in implementing the recommendations, including referral to other practicing professionals (such as attorneys and accountants) whose services may be required.

The client may utilize Phoenix Financial for a single consultation or on a continuous basis at periodic intervals. The client is under no obligation to implement the plan through PFI. Either the client or PFI may terminate the engagement at any time with written notice. The plan is the basic instrument for PFI to know the client and serves as a guideline for offering investment supervisory services.

Other Advisory Services

The IAR offers a full range of advisory services not directly related to investments. These services include individual financial planning (discussed above), pension plan design and consultation, pension plan participant advisory services, small business financial planning, and seminars for investors.

PFI offers pension planning and plan implementation services to small and medium-sized businesses. Service will address the need of a company to install a comprehensive retirement plan, provide an overview of the various plan design characteristics, and implement the selection of an attorney to draft the pension trust document and the selection of a third party administrator.

As part of its investment advisory role, Phoenix Financial, Inc. will offer to business clients a 401(k) plan administrative assistance contract. This contract permits PFI to discuss the various fund choices with eligible employees of the firm’s profit sharing plan. During these discussions PFI will review the risk and reward attributes of each fund in the plan sponsor’s investment selections. For each employee electing the service, Phoenix Financial, Inc. will make recommendations to the employee for building a portfolio of funds to achieve the employee’s personal objectives. This also includes being a fiduciary to the plan trustees and supplying investment advice on a non-discretionary basis for plan assets.

Non-Security Related Advice

PFI’s written financial plan could include advice on family educational needs, insurance needs, and/or retirement planning. This information would outline the scope of the issue as well as financial techniques that could be implemented to fund the need.

Asset Management Services

A client of Phoenix Financial has several choices of asset management services:

A. Investment Management Program for Advisory Clients (IMPAC)

Minimum investment: \$25,000 (See Item 7 for information on minimum aggregate account balances)

IMPAC is a non-discretionary (or discretionary, provided certain qualifications are met) account in which the client

is provided with ongoing investment advice and monitoring with respect to his or her security holdings. The IAR will manage the account according to the client's objectives. IMPAC clients will receive the following reports from Phoenix Financial, Inc. on a quarterly basis:

- Portfolio Appraisal
- Allocation Summary
- Rates of Return Reports

In addition, clients will receive monthly RJFS statements showing client account with security positions and income received as well as confirmation of all trades. If a client wishes to be notified before each trade occurs (non-discretionary), then the IAR will notify the client before completing the transaction.

The client may also schedule twice-a-year meetings with PFI to review account allocation and performance relative to their original objectives.

B. PASSPORT Account

Minimum investment: \$25,000 (See Item 7 for information on minimum aggregate account balances)

PASSPORT is a non-discretionary (or discretionary, provided certain qualifications are met) account in which the client is provided with ongoing investment advice and monitoring with respect to his or her security holdings. The IAR will manage the account according to the client's objectives.

The client is provided with quarterly portfolio summaries and performance analyses.

The client or PFI may terminate the agreement at any time by providing written notice to the other party. In the event of termination, any prepaid quarterly fee will be refunded to the client, and is prorated from the date of termination to the end of the current quarter. Full disclosure of fees and services is provided in the Passport Account Agreement.

Please refer to the Raymond James Financial Services Form ADV Part II for further information on the Passport program.

C. Raymond James Consulting Services

Raymond James Consulting Services ("RJCS"), a division of Raymond James & Associates, Inc., selects portfolio managers ("sub-advisers") for the RJCS program, establishes custodial facilities, monitors performance of client accounts, provides clients with accounting and other administrative services and assists portfolio managers with certain trading activities. Based upon the client's financial needs and investment objectives, the financial advisor assists the client in selecting the appropriate sub-adviser(s). The Investment Management Agreement is solely between RJA and the client, and there is no direct agreement between the sub-adviser and the client. Clients may contact the sub-adviser, but generally do so through their financial advisor or the RJCS Client Services Department. There generally is a minimum investment of \$100,000 for all equity and balanced accounts, and \$200,000 for most fixed income accounts, although smaller accounts may be accepted based upon the specific circumstances of an account.

Clients are provided standardized information on each sub-adviser prior to entering into the Investment Management Agreement. Potential sub-advisers are considered for the program if they meet the following:

- A well-defined investment style
- Proven past performance results
- Consistency of portfolio returns
- Risks taken within acceptable bounds of investment objectives
- Complementary philosophy of the sub-adviser with the existing platform sub-advisers.

Other factors considered in the screening process include: low turnover of personnel; in-depth interviews with top personnel; personal visit to the investment manager's office; the size of the firm; review of the firm's current ADV; no naked options, short sales or futures; and a cooperative, open attitude.

After a sub-adviser has been selected to participate in the RJCS program, RJA monitors on a quarterly basis each sub-adviser's activity to ensure they are consistent with the investment discipline and philosophy for which they were originally selected. This review is performed by the Due Diligence Director. Please note, however, that past performance does not guarantee future results. For all performance analysis provided to clients, RJCS requires that all sub-advisers utilize GIPS (Global Investment Performance Standards) performance calculation standards to calculate performance, but the information is not presented by RJA in GIPS format.

Clients should be aware that the investment discipline offered by sub-advisers through the RJCS program may be branded under a different name than the same discipline(s) offered through another firm's managed account program.

D. Eagle High Net Worth Program

Asset Management Services ("AMS"), a division of RJA, sponsors the Eagle High Net Worth Program ("EHNW"). EHNW is offered exclusively through RJA's AMS division and is available only to clients of RJA and its affiliates. EHNW clients may select one or more investment objectives managed by Eagle Asset Management, Inc. ("Eagle"). Eagle is a wholly owned subsidiary of RJF, an affiliate of RJA, and is an investment adviser registered with the SEC.

The client signs an Investment Management Agreement with RJA, and the agreement authorizes Eagle as sub-adviser to manage the client's account(s) in accordance with client's objective(s) on a discretionary basis. RJA's services include assisting the client in choosing the appropriate Eagle objective(s), monitoring the performance of all of Eagle's objectives, communications and reports to the client, assistance with certain trading activities, and other administrative services. EHNW offers a full range of investment objectives, including equity, balanced and fixed income portfolios. Eagle will consult with clients and their financial advisor to customize portfolios to fit clients' needs, circumstances and objectives.

There generally is a minimum investment of \$100,000 for all equity and balanced accounts, and \$200,000 for most fixed income accounts, although smaller accounts may be accepted based on the specific circumstances of an account.

The Investment Management Agreement may be terminated by the client or RJA at any time upon providing written notice pursuant to the provisions of the Investment Management Agreement. There is no penalty for terminating the client's account. Upon termination, the client will receive a refund of the portion of the prepaid asset-based fee which was not utilized. RJA will not accept instructions to terminate the Agreement unless such instructions are provided in writing by the client.

ADDITIONAL DISCLOSURES ABOUT IMPAC AND AMS PROGRAMS:

Investment of Cash Reserves

With respect to cash reserves of advisory Client accounts, the custodian of the account assets will determine where cash reserves are held. The custodian may offer one or multiple options to different account types (such as non-taxable and managed accounts). In addition, the custodian may, among other things, consider terms and conditions, risks and features, conflicts of interest, current interest rates, the manner by which future interest rates will be determined, and the nature and extent of insurance coverage (such as deposit protection from the Federal Deposit Insurance Corporation and the Securities Investor Protection Corporation). The custodian may change an investment option at any time by providing the Client with thirty (30) days advance written notice of such change, modification or amendment. As of October 2008, Cash Sweep Options include the Raymond James Bank Deposit Program ("RJBDP"), the Credit Interest Program ("CIP") sponsored by RJA, and the Heritage Cash Trust, including the money-market and municipal money-market fund, or any combination thereof.

Raymond James Bank is an affiliate of Registrant, and offers a similar interest rate to the yield on Heritage Cash

Trust and the CIP, but generally earns more than the interest it pays on such balances. The Heritage Cash Trust money-market and municipal money-market fund both pay Heritage Asset Management, Inc. (also an affiliate) a fee for investment management and administrative services. Raymond James & Associates generally earns a higher rate of interest on CIP balances than the interest rate it pays on such balances. The income earned by Heritage Asset Management and RJA is in addition to the asset-based fees that RJFS receives from these accounts.

Where an unaffiliated third party acts as custodian of account assets, Client and/or the custodian will determine where cash reserves are held.

Cash balances arising from the sale of securities, redemptions of debt securities, dividend and interest payments and funds received from customers are invested automatically on a daily basis. When securities are sold, funds are deposited on the day after settlement date. Funds placed in a Client's account by personal check usually will not be invested until the second business day following the day that the deposit is credited to the Client's account. Due to the foregoing practices, RJA may obtain federal funds prior to the date that deposits are credited to Client accounts and thus may realize some benefit because of the delay in investing such funds.

For further information please refer to the Cash Sweep Options disclosure statement, a copy of which is available from your IAR, or is available on the Raymond James public website, www.raymondjames.com.

Cash Rule Conflict

Participants in the IMPAC and PASSPORT programs with cash or money market investments which exceed 20% of the total market value of client's account at the time of billing will be included for fee purposes only if the account did not exceed 20% in cash or money market investments at the end of the previous quarter. Otherwise the balance in excess of 20% will not be included in the value of Client's account for fee purposes. This fee billing provision is intended to equitably assess advisory fees to client assets for which an ongoing advisory service is being provided, and the exclusion of excess cash from the advisory fee is intended to benefit clients holding substantial cash balances (as a percentage of the total individual account value) for an extended period of time. However, this provision may pose a financial disincentive to an IAR, as the portion of cash or money market investments will not be included in the asset-based fee charged to the account. This may cause an IAR to reallocate a client account from cash or money market investments to advisory fee eligible investments in order to avoid the application of this provision and therefore receive a fee on the full asset value in a client's account(s).

For non-IRA/ERISA PASSPORT and IMPAC accounts, the client's Investment Adviser Representative may elect to absorb all or a portion of the Processing Fee. Certain open-end mutual funds which may be acquired by clients, may, in addition to assessing management fees, internally assess a distribution fee pursuant to section 12(b)-1 of the Investment Company Act of 1940, or an administrative or service fee ("trail"). Such fees are included in the calculation of operating expenses of a mutual fund and are disclosed in the fund prospectus. However, if the IAR elects to absorb the Processing Fees in *non*-IRA/ERISA accounts, they may also elect to receive trails paid by the fund company, if any, to defray the cost of the Processing Fees they absorb. If such an election is made, there may be a conflict of interest where the IAR may have an incentive to absorb all of the Processing Fees in consideration of the actual or anticipated trails they will receive.

Clients should understand that the annual advisory fees charged in the PASSPORT and IMPAC programs are in addition to the management fees and operating expenses charged by open-end, closed-end and exchange-traded funds. To the extent that a client intends to hold fund shares for an extended period of time, it may be more economical for the client to purchase fund shares outside of these programs. Clients may be able to purchase mutual funds directly from their respective fund families without incurring the Phoenix Financial, Inc.'s advisory fee. When purchasing directly from fund families, clients may incur a front- or back-end sales charge.

Clients should also understand that the shares of certain mutual funds offered in these programs may impose short-term trading charges (typically 1%-2% of the amount originally invested) for redemptions generally made within short periods of time. These short-term charges are imposed by the funds (and not Phoenix Financial, Inc.) to deter "market timers" who trade actively in fund shares. Clients should consider these short-term trading charges when selecting the program and/or mutual funds in which they invest. These charges, as well as operating expenses and management fees, which may increase the overall cost to the client by 1%-2% (or more), are available in each fund's prospectus.

Clients should also understand that certain no-load variable annuities may be offered in the PASSPORT and IMPAC programs and may be charged an advisory fee. The annual advisory fees charged for these no-load variable annuities are in addition to the management fees and operating expenses charged by the insurance companies offering these products.

Clients should also understand that more sophisticated investments such as short sells and margins may be offered in the PASSPORT and IMPAC programs. Fees for advice and execution on these securities are based on the total asset value of the account. While a negative amount may show on a client's statement for the margined security as the result of a lower net market value, the amount of the fee is based on the absolute market value. This could create a conflict of interest where an IAR may have an incentive to encourage the use of margin to create a higher market value and therefore receive a higher fee. The use of margin may also result in interest charges in addition to all other fees and expenses associated with the security involved.

A client's total cost of each of the services provided through these programs, if purchased separately, could be more or less than the costs of each respective program. Cost factors may include the client's ability to:

- 1) obtain the services provided within the programs separately with respect to the selection of mutual funds,
- 2) invest and rebalance the selected mutual funds without the payment of a sales charge, and
- 3) obtain performance reporting comparable to those provided within each program.

When making cost comparisons, clients should be aware that the combination of multiple mutual fund investments, advisory services, custodial and brokerage services available through each program may not be available separately or may require multiple accounts, documentation and fees. If an account is actively traded or the client otherwise may not qualify for reduced sales charges for fund purchases, the fees may be less expensive than separately paying the sales charges and advisory fees. If an account is not actively traded or the client otherwise would qualify for reduced sales charges, the fees in these programs may be more expensive than if utilized separately.

PFI believes the charges and fees offered within each fee-based program are competitive with alternative programs available through other firms and/or investment sources, yet makes no guarantee that the aggregate cost of a particular program is lower than that which may be available elsewhere.

Clients that terminate the advisory agreement(s) within the first five (5) business days of entering into the advisory agreement will have any advisory fees that were charged refunded back to them.

All above quoted fees may be negotiated within the stated fee schedule; however certain circumstances may dictate an exception from the set range.

Item 5 Fees and Compensation

Financial Planning Fees:

Fees charged for the full financial planning service are dependent upon the time required and complexity of the plan. The fees are payable as follows: hourly rates for plan development or consultation are \$175 per hour, fixed fees for plans will run between \$200 and \$2,000 depending on the complexity and comprehensiveness of the plan.

Compensation is payable when services are rendered.

Specific services and amount of fees are described in the Investment Advisory Agreement.

All fees are negotiable. A client may be asked for a deposit of \$250 as a retainer at the time a financial planning contract is signed. A client may receive a refund at any time by submitting a written request.

ERISA Plan Administrative Assistance:

This service is either billed on a per employee basis or is negotiated based on the size of the plan. On a per employee basis, the fee is \$15 per employee. PFI may also give non-discretionary advice to the plan's trustees on a negotiated basis.

Asset Management Fees:

IMPAC. IMPAC is a fee-based account. Annual fees charged can range from 2.00% to 0.50%. Fees are subject to reduction based upon the size of the account and the nature of the services provided. The client is provided with ongoing investment advice and monitoring of securities holdings. The IAR will manage the account on a non-discretionary basis (or discretionary, provided certain qualifications are met), according to the client's objectives. The client may pay transactions fees as noted below.

Security Type Processing Fees

Security Type	Fees
Equities	\$30
Mutual Funds	\$30 (or \$0 – see below)
Options	\$50
Bonds	\$50
Preferred Stocks	\$50

Mutual funds may incur expenses for portfolio management services and fund administrative services. These expenses are disclosed in the mutual fund prospectus. Mutual fund 12b-1 fees are credited back to the applicable client's account on a quarterly basis. A full description of fees and services is provided in the IMPAC Agreement that is needed to open an account.

Select fund companies have agreed to pay administrative fees to RJA in consideration for RJA's waiver of the \$30 Processing Fee assessed on certain Passport Account mutual fund purchases ("Participating Funds"). Raymond James financial advisors do not receive any part of these payments. For a list of fund companies that have agreed to pay Raymond James servicing fees for eligible purchases of Participating Funds, please contact Phoenix Financial by phone at (919) 929-4448 or by sending a written request to: Phoenix Financial, Inc., 100 Europa Dr., Ste 500, Chapel Hill, NC 27517.

Fees are paid quarterly for the past quarter's holding period and clients receive quarterly billing statements. Clients may either arrange to pay by check made payable to RJFS or authorize RJFS to deduct fees from the client's account. RJFS then pays Phoenix Financial, Inc. a previously agreed-upon portion of the fees net of charges for services such as custody, trading, mailing, and reporting.

Transaction costs are clearly indicated on trade confirmations.

Passport. Passport is also a fee-based account. The annual advisory fees for this program range from 2.00% to 0.50%. Fees are subject to reduction based upon the size of the account and the nature of the services provided. There is a nominal transaction charge for executing trades as noted below.

Security Type Processing Fees

Security Type	Fees
Equities	\$30
Mutual Funds	\$30 (or \$0 – see below)
Options	\$50
Bonds	\$50
CDs	\$50

Mutual funds may incur expenses for portfolio management services and fund administrative services. These expenses are disclosed in the mutual fund prospectus.

Select fund companies have agreed to pay administrative fees to RJA in consideration for RJA's waiver of the \$30 Processing Fee assessed on certain Passport Account mutual fund purchases ("Participating Funds"). Raymond James financial advisors do not receive any part of these payments. For a list of fund companies that have agreed to pay Raymond James servicing fees for eligible purchases of Participating Funds, please contact Phoenix Financial by phone at (919) 929-4448 or by sending a written request to: Phoenix Financial, Inc., 100 Europa Dr., Ste 500, Chapel Hill, NC 27517.

Fees are paid quarterly in advance. The first invoice is issued when the account is established, and is prorated to the end of the current quarter. Thereafter, fees are calculated based upon the fair market value of the account as of the last business day of the previous quarter. In the event of termination, any prepaid quarterly fee will be refunded to the client, and is prorated from the date of termination to the end of the current quarter. A full description of fees and services are provided in the PASSPORT Agreement that is needed to open an account.

Mutual fund 12b-1 fees are credited back to the applicable client's account on a quarterly basis.

RJCS and Eagle High Net Worth. RJA negotiates with sub-advisers the management fee payable to sub-adviser, based on factors including, but not limited to:

- the sub-adviser's assets under management in the RJCS program,
- average number of portfolio holdings,
- average annual turnover,
- anticipated sales and administrative service levels, and
- others factors.

The management fee payable to sub-advisers is typically 0.40% - 0.50% for equity and balanced accounts, and 0.25% - 0.30% for fixed income accounts, but may be lower due to incremental rate negotiation. Although the basis of RJA's recommendation of sub-advisers is not based on this negotiated management fee, a conflict may exist due to the potential incentive RJA may have to recommend a sub-adviser(s) with a lower management fee.

Participants in the wrap program(s) may be entitled to discounted asset-based fees if they maintain one or more related accounts with RJCS or EHNW.

Related accounts are accounts of an individual, his or her spouse, and their children under the age of twenty-one. The term includes individually owned accounts, individual retirement accounts (IRAs), self-directed accounts (i.e., directed by individual participants) under an employee benefit plan (ERISA plan) and ERISA plan accounts in which an individual is the sole participant. For purposes of aggregating Related Accounts, there are two account classes: Equity (Growth, Value, Equity Income, Small Cap Equity, Equity Blend, Select Balance, and Premium Income) and Fixed Income. Thus, Related Accounts of the RJCS and Eagle High Net Worth Programs that fall within an account class may be aggregated for management fee purposes, so that each account will pay a fee that is calculated on the basis of the total of all Related Accounts in that particular class.

Further, Premium Income accounts will be aggregated with Equity accounts to determine the Equity account fees. However, the reverse will not apply. Accounts that fall under the minimum for account asset size, but are related

with another account in the asset class will not be charged a minimum management fee. Finally, client assets in the Eagle International Equity Portfolio will be aggregated with Equity accounts to determine the Equity account fees (this will have no effect on fees and other expenses of the Eagle portfolio). It is the client's responsibility to include all related managed accounts for purposes of qualifying for an aggregated account fee discount. While AMS/RJCS may attempt to identify related accounts, it shall not be held responsible for failing to consider any related accounts not listed by the client.

Employees of RJA or its affiliates are entitled to lower management fee arrangements for their personal accounts.

The annual asset-based fee is paid quarterly in advance. When an account is opened, the asset-based fee is billed for the remainder of the current billing period and is based on the initial contribution. Thereafter, the quarterly asset-based fee is paid in advance, is based on the account asset value on the last business day of the previous calendar quarter, and becomes due the following business day. In the event of termination, any prepaid quarterly fee will be refunded to the client, and is prorated from the date of termination to the end of the current quarter. Client authorizes and directs RJA as Custodian to deduct asset-based fees from the client's account; client further authorizes and directs the Custodian to send a quarterly statement to the client which shows all amounts disbursed from client's account, including fees paid to RJA.

Client understands that the brokerage statement will show the amount of the asset-based fee, the value of the assets on which the fee was based, and the specific manner in which the fee was calculated. Should the client transfer management duties from one sub-adviser to another sub-adviser within the RJCS or EHNW programs, any prepaid asset-based fees will be reimbursed for the period not earned by the previous sub-adviser and billed for the remainder of the period for the newly designated sub-adviser.

For the RJCS and EHNW programs, the client may elect either an all-inclusive wrap fee or pay a management fee and commissions. If the client elects a wrap fee, the fees are set forth as follows:

Equity and Balanced – All Accounts: (Incremental Schedule)

Accounts less than \$500,000

First \$200,000 3.00%

Next \$300,000 2.50%

Accounts equal to or greater than \$500,000

First \$500,000 2.50%

Next \$500,000 2.00%

Next \$1,000,000 1.60%

Next \$3,000,000 1.40%

Next \$5,000,000 1.30%

> \$10,000,000 Negotiable

Fixed Income – All Accounts: (Incremental Schedule)

First \$500,000 1.25%

Next \$500,000 0.90%

Next \$1,000,000 0.80%

Next \$8,000,000 0.65%

> \$10,000,000 Negotiable

If the client selects the management fee and commissions option, the management fee is as follows:

Equity and Balanced: (Retroactive Schedule)

Account less than \$500,000 0.85%

Accounts between \$500,000 and \$1,000,000 0.75%

Accounts equal to or great than \$1,000,000 0.70%

Over \$10,000,000 Negotiable

Fixed Income: (Incremental Schedule)

First \$500,000	0.50%
Next \$1,500,000	0.40%
Next \$8,000,000	0.35%
Next \$10,000,000	Negotiable

In addition to the management fee, the client will pay a commission on each transaction to their selected broker-dealer. Clients may negotiate commission rates with their financial advisor, and such decision is at the sole discretion of the financial advisor.

Clients may also incur charges for other account services provided by RJA not directly related to the advisory, execution and clearing services provided including, but not limited to, IRA custodial fees, safekeeping fees, and fees for legal or courtesy transfers of securities.

GENERAL INFORMATION ON COMPENSATION

In certain circumstances, fees, account minimums and payment terms are negotiable within reason. Related accounts may be grouped for fee calculations.

Fees are calculated as described above, and not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client.

All fees paid to PFI for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees will generally include a management fee, other fund expenses and a possible distribution fee. Mutual funds purchased by Phoenix Financial for a client account will be executed at NAV. Accordingly, the client should review the prospectus of a mutual fund regarding fees charged by the funds in conjunction with fees charged by Phoenix Financial to fully understand the total amount of fees to be paid by the client, and to thereby evaluate the advisory services being provided.

Phoenix Financial Inc.'s fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to Phoenix Financial Inc.'s fee, and PFI shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that PFI considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

IARs of the Adviser may receive other forms of compensation as a part of business activities unrelated to the Firm. These activities may create a conflict for the IAR. However, the Adviser has policies and procedures in place to recognize and appropriately deal with any conflicts that arise between the IAR's multiple capacities. These activities are discussed in *Item 10 Other Financial Industry Activities and Affiliations*.

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

PFI does not have performance- based fees or utilize side-by-side management (fees based on a share of capital gains on or capital appreciation of the assets of a client). The only fees charged to Client are noted in *Item 5 Fees and Compensation*, as applicable.

Item 7 Types of *Clients*

Presently PFI focuses on providing services mainly to the following types of Clients:

- Individuals
- Retirement plans
- Trusts
- Estates
- Corporations

The Adviser may require a minimum aggregate account balance of \$100,000.00 for account relationships at its sole discretion.

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

Methods of Analysis

PFI uses the following methods of analysis in its Client accounts:

- Fundamental
- Charting
- Technical

Fundamental analysis and charting deal with the examination of all the material factors of the security, the company, industry in which the company operates, and the economy while technical analysis and cycles deal with the examination of the supply and demand of the securities as evidenced by market activity.

The potential risks of using Fundamental/Charting are that the IAR is utilizing historical information, which may not predict the future outcome of a security. The potential risks of using Technical/Cyclical are the quality of the information being utilized to support the analysis and no expectation of a change to a cycle.

The Adviser receives research from a variety of sources, including RJA and sources available for public viewing such as:

- Financial newspapers and magazines
- Research materials prepared by others
- Corporate rating services
- Annual reports, prospectuses, filings with the Securities Exchange Commission, and
- Company press releases

Investment Strategies

The Adviser typically employs the following types of investment strategies:

- Long term purchases (held for more than a year)
- Short term purchases (held for less than a year)
- Margin transactions
- Option writing

Clients investing in securities should be aware of the risks involved. Each investment strategy may entail unique risks including the possibility of incurring a loss. In a long term investment strategy, returns may be adversely affected by market downturns or inflation. A short term investment strategy is susceptible to current market volatility. Margin transactions could be subject to maintenance margin requirements, and margin loans must be repaid regardless of the underlying value of the securities purchased. Options writing has several kinds of risks. An options holder may risk the entire amount paid for the option. An options writer may be assigned the option at any time during which the option is exercisable. Losses in options contracts may be significant.

PFI typically recommends the following types of investments:

- Equity securities (exchange listed, over-the-counter, and foreign issuers)
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposits
- Municipal securities
- Investment company securities (variable life insurance, variable annuities, and mutual fund shares)
- U.S. government securities
- Options contracts on securities

Item 9 Disciplinary Information

PFI and its IARs do not have any disciplinary history.

Item 10 Other Financial Industry Activities and Affiliations

The Adviser has two (2) IARs: William W. Farley, Jr. and Michele Nettesheim. Each of these individuals have other financial industry activities and affiliations as noted below.

Securities Brokerage (William W. Farley, Jr.)

Certain professionals of Phoenix Financial are Registered Representatives of Raymond James Financial Services, Inc., (RJFS) and licensed agents of various insurance companies.

Registered Representatives, through their affiliation with RJFS, may receive commissions generated through the buying and selling of securities. In addition, the IA rep may receive fees through RJFS if the client enrolls in the IMPAC or Passport programs (please read specific contract information). The IAR may recommend a third party asset manager who has a direct affiliation with RJFS or a contractual relationship with RJA. RJFS will pay the broker, who is the IAR, fees or commissions as stated in the contract the client signs with that third party manager. The IAR may also receive 12(b)-1 fees on certain mutual funds.

Commission charges may vary depending upon any number of factors, including type of security, purchase or sale, secondary market price, volume of trading, market float, and traded or listed exchange. The Adviser believes that commissions charged by RJFS are competitive with other full service broker-dealers and that they are fair and reasonable. Commissions charged by RJFS, while generally competitive, are not necessarily the lowest in the industry. Brokerage transactions are placed only through RJFS. There is an inherent potential conflict of interest in this arrangement in that PFI through its IARs or related persons who are Registered Representatives of RJFS may share in a percentage of the brokerage commissions.

Insurance Broker/Agent (William Farley, Jr.)

PFI and its IARs or related persons may have insurance company affiliations from which they receive commissions. Clients are under no obligation to execute recommendations relating to insurance and/or annuity products through the Adviser.

Accounting/Tax Preparation (Michele Nettesheim)

PFI's IARs may receive compensation for tax preparation services. This is separate from the Advisers services offered.

PFI's IAR spend approximately 20% of time on the above activities.

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

From time to time employees of PFI may own securities or mutual funds that are also recommended to clients. Because of this commonality of interest, Phoenix Financial has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Phoenix Financial must acknowledge the terms of the Code of Ethics annually, or as amended.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of PFI will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between PFI and its clients.

PFI's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Michele Nettesheim at (919) 929-4448.

Item 12 Brokerage Practices

The Adviser currently uses Raymond James as its custodian. Additionally, IARs are registered representatives of RJFS and will recommend RJFS to advisory clients for plan implementation and brokerage services. These individuals are subject to FINRA Conduct Rule 3040 that restricts them from conducting securities transactions away from RJFS. Therefore, clients are advised that such IARs are limited to conducting securities transactions through RJFS. It may be the case that RJFS charges a higher fee than another broker charges for a particular type of service, such as transaction fees. Clients may utilize the broker dealer of their choice and have no obligation to purchase or sell securities through RJFS. However, if the client does not use RJFS, the IAR will reserve the right not to accept the account.

The custodian may have their own fee and cost schedules they are entitled to as a custodian of the account. These fees and costs are completely independent of the Adviser, and the Adviser does not receive any portion of these collected costs. Please see *Item 5 Fees and Compensation* for these costs.

RJA, as the custodian, is obligated to seek best execution for all trades; however, better executions may be available via another broker/dealer based on a number of factors including volume, order flow, and market making activity. By executing transactions with the above custodian, it is not guaranteed that a client will receive the most favorable execution of their trades, which in turn may cost clients more money.

PFI continuously reviews the accuracy, timeliness and execution of trades processed through RJFS. The Adviser selected RJFS for client account custody and trade processing due to accessibility, electronic trading, efficient and professional service, technical support, and timely reporting to clients. In addition, client funds are fully covered through the excess SIPC coverage maintained by RJFS. RJFS prohibits the Adviser from utilizing any other broker-dealer for client custody or securities trading. The Adviser periodically assesses the quality and value of the services offered by broker-dealers other than RJFS to assure that RJFS service and cost is fair and reasonable.

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

The Adviser's IARs and related persons may receive research information through its broker-dealer affiliation on securities, market, and economic conditions. Raymond James does not impose surcharges on clients for research. However, Raymond James does seek to do investment banking and other business with some companies covered by its research. Raymond James complies with all securities laws and regulations to manage these potential conflicts of interest. Additionally, Raymond James does not require that IARs or related persons recommend any securities to clients.

It is PFI's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Phoenix Financial will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

PFI has no soft dollar arrangements.

Item 13 Review of Accounts

The review process only includes those clients who have entered into an investment advisory contract with Phoenix Financial, Inc. Client accounts are reviewed monthly on an individual basis, weekly on an aggregate basis and daily on a price basis. A monthly review may include balancing an account from the instructions received from the client. In addition, at the end of the year accounts are reviewed for unrealized gains and losses and the client would be notified on all issues in the various portfolios. Portfolios in the aggregate are reviewed monthly for rates of return on individual issues.

The primary responsibility for daily, monthly, and yearly reviews is with William W. Farley, Jr., President of Phoenix Financial, Inc. Other registered reps are employed who are responsible for handling daily trading and confirmations. In addition, other IARs prepare reports on a monthly basis that are used in the review process. PFI utilizes sophisticated computer systems for assisting in the monitoring process. This system prepares reports allowing PFI to analyze statistics about a client's portfolio.

In addition to the reports mentioned above, clients receive a confirmation of each transaction and periodic statements from their broker-dealer. PFI will issue additional updates or reports at the client's request. Accounts managed on a discretionary basis by IARs may receive quarterly summaries of activity and performance, if specified in the advisory agreement.

Item 14 *Client Referrals and Other Compensation*

From time to time PFI and/or Raymond James may receive compensation in the form of sponsorship fees for seminars, meetings or conferences from product sponsors such as limited partnerships, mutual funds, insurance companies and annuity sponsors. Such sponsorship fees generally entitle the sponsor to an allotted presentation to IARs of the Adviser.

If clients act upon IAR advice and chooses to use one of RJFS's affiliates as a money manager, custodian or to purchase insurance, the Adviser or its IAR may receive compensation in the form of commissions from the affiliate. If a client chooses to use an IAR in his individual capacity as an insurance agent, the individual IAR will receive a commission. Additionally, if a client purchases a mutual fund containing a 12b-1 fee, the Adviser and the IAR may receive such fee. For advisory accounts (e.g., IMPAC, Passport, RJCS), mutual fund 12b-1 fees are credited back to the applicable client's account on a quarterly basis, as explained in *Item 5 Fees and Compensation*.

PFI may have the opportunity to receive traditional "non-cash benefits" from RJFS such as customized statements; receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk servicing RJFS's advisors 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 to an electronic communication network for client order entry and account information; access to mutual funds which generally require significantly high minimum initial investments or those that are otherwise only generally available to institutional investors; reporting features; receipt of industry communications; and perhaps discounts on business-related products.

RJFS may also provide general access to research and perhaps discounts on research products. Any research received is used for the benefit of all clients. PFI has no written or verbal arrangements whereby it receives soft dollars.

As part of its fiduciary duties to clients, PFI endeavors at all times to put the interests of its investment advisory clients first. Clients should be aware, however, that the receipt of economic benefits by the Adviser or its related persons in and of itself creates a potential conflict of interest.

PFI does not pay for or receive compensation for client referrals.

Item 15 Custody

The Adviser does not have custody of client's assets or funds.

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client investment assets. PFI urges you to carefully review such statements and compare such official custodial records to the account statements or documents that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 Investment Discretion

The Adviser may have discretion in some clients' accounts. PFI may only have discretion in an account with written permission from the client. If a client wants to grant discretion in his/her account, the client will give discretion in writing via an investment advisory contract.

PFI usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, PFI observes the investment policies, limitations and restrictions of the clients for which it advises.

Investment guidelines and restrictions must be provided to Phoenix Financial, Inc. in writing.

Item 17 Voting *Client* Securities

PFI does not take any action or render any advice with respect to voting of proxies. Clients should receive their proxy materials from the custodian or transfer agent. However, in the event the Adviser receives such material, it will forward all proxy materials to clients. Furthermore, the Adviser will not advise clients on how to vote their proxies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. The Firm will not determine if securities held by the client are subject to a pending or resolved class action lawsuit. It will not evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, the Firm will not initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Item 18 Financial Information

Phoenix Financial has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. Furthermore, it does not have custody of client's assets nor does seek prepayment of \$500 or more six (6) months or more in advance.