

## **Form ADV : Part 2 A & B**

As of March 1, 2012

**Part 2A: The Brochure:** This brochure discloses information about the qualifications and business practices of the investment advisory firm named below for the benefit of its clients and prospective clients. Please note that the terms “registered investment adviser” or “registered” do not imply a certain level of skill or training. If the adviser uses a wrap fee program, it is found in Appendix 1. If you have any questions about the contents of this brochure, please contact us at the contacts given below.

**Part 2B: The Brochure “Supplement** discloses information about persons providing advice.

**2A: Brochure : Item 1 :Cover Page :** for

### **Sycamore Financial Group, Inc.**

["Sycamore Financial Group"]

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or

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*Please note that this brochure has not been approved by the Securities & Exchange Commission or by any state securities authority. This firm is registered with the SEC and notice filed in one or more states; **registration does not mean approval or verification by those regulators.** More information about the firm is at Investment Adviser Public Disclosure : [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

**2A: Brochure : Item 2: Material Changes :** *If we amend this disclosure brochure, we are to send you either a new copy of the brochure or at least this item 2 describing the changes made so you can decide if you want us to send you a complete, new copy. A summary of material changes is :*

☐ attached as an exhibit to or

☐ included here as part of this updated brochure

or : No summary of material changes is required because there have been no material changes to this adviser's brochure since its last annual updating amendment.

The changes made as of        are:

**2A: Brochure : Item 3 : Table of Contents** : Information that investment advisers must provide to prospective clients initially and to existing clients annually : 18 disclosure items that describe this firm’s advisory business. and (if applicable) Appendix 1withdisclosuresrequired for a “wrap fee” program brochure [*a specialized brochure*].

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## 2A: Brochure : Items 4 – 18:

### Item 4. : This advisory firm's business

4. A. Sycamore Financial Group, Inc. ("Sycamore Financial Group," or "the firm" or "the adviser") is an Indiana corporation that registered 12.16.1984 to do business as an investment advisory firm. Note : The use of the phrase "registered investment adviser" or the term "registered" do not imply a certain level of skill or training. On 2.27.2004 it registered with the SEC.

Mr. Craig A. Smith is the firm's sole owner, its President and an advisory representative. The firm is open for business 8 a.m. to 5 p.m., Monday through Friday.

4.B. Sycamore Financial Group advisory services comprise :

- Portfolio Management for individuals, businesses and institutional clients
- Financial Planning
- Pension consulting
- Selection of and referrals to other investment advisers
- Advice on gold bullion coins and gold Numismatic coins

The firm requires all clients or accounts to enter into a written advisory agreement prior to establishing an advisory relationship with Sycamore Financial Group. Either party may at any time terminate the agreement by means of written notice to the other party.

4.B. 1. Sycamore Financial Group offers **investment management services** where it is appointed as the investment advisor with discretionary trading authorization. Sycamore Financial Group provides continuous advice to investment advisory accounts as set forth in the advisory agreement between the firm and the client.

#### 4.B. 2. Financial Plans

Sycamore Financial Group provides comprehensive financial planning services to evaluate

- securities,
- taxes,
- estate planning,
- insurance,
- business planning,
- retirement planning,
- personal investments,
- financing options,
- cash flow,
- company benefits and any other financial aspects of their lives.

A written plan is presented to the client to show their current situation, their goals and objective and various alternatives to show the client how to reach their goals.

Sycamore Financial Group often works on financial plans for closely held businesses and their owners: Coordinating the business and personal finances to help our clients achieve their goals.

4.C. Do we tailor our advisory services to a client's individual needs and how do we do so?  
Can clients impose restrictions on investing in certain securities or types of securities?

By their nature, financial planning services must be based on each client's individual needs to have any useful validity. As a fiduciary, an investment adviser is to make only those recommendations that demonstrably are in the client's own best interests, which means that they, too, must be based on an individual's stated and/ or established, individual needs, goals, risk tolerance and investment time horizon. The firm seeks to establish this personal dimension through a careful, fact-finding interview and discussions with each client.

Clients may impose reasonable restrictions on the adviser's discretion to invest in certain securities or types of securities if a client provides clear, written directions to that effect. Clients may opt to have their account managed on a non-discretionary basis. The client allows the power of discretion to an adviser by means of a limited power of attorney, which the client may revoke at any time.

A client's ability to impose restrictions on the adviser's discretion occurs at the beginning of the process at which time a client accepts or chooses not to invest in the recommended programs. Clients may withdraw from the programs at any time as well. Otherwise, the firm does not itself exercise discretion over the investment platforms that pursue their goals as stated in their prospectuses and ADV forms Part 2A.

4.D. Do we participate in a wrap fee program providing portfolio management services? No, we do not. *Therefore, the following items are not applicable:* [ (1) How does our management of the wrap fee accounts differ, if it does, from how we manage other accounts? / (2) Notice to clients : We receive a portion of the wrap fee for our advisory services.]

4. E. As of 2.29.2012 this firm manages assets of \$221,480,000 in a continuous and regular manner. Of these assets, \$176,239,000 are discretionary and \$ 45,244,000 are non-discretionary. [

Item 5 : Fees and Compensation. . — How our firm is compensated

5.A. A description of the range of fees. Sycamore Financial Groups Investment Advisory fees are negotiable.

Sycamore Financial Group receives compensation for continuous advice to advisory accounts as a percentage of assets under management. The schedules are :

Equities/Stocks:

1.5% of the first \$500,000;  
1.0% on the next \$1,000,000;  
0.8% on the next \$8,500,000 and  
0.6% on amounts that exceed \$10,000,000.

Fixed/Bonds –

0.75% of the first \$500,000;  
0.5% on the next \$1,000,000:  
0.4% on the next \$8,500,000 and  
0.3% on amounts over \$10,000,000

Mutual Funds –

1% of the first \$500,000;

0.75% on the next \$1,000,000;

0.5% on the next \$8,500,000 and

0.3% on the amounts that exceed \$10,000,000.

Investment advisory fees are payable in advance quarterly as of

- March 31,
- June 30,
- September 30, and
- December 31.

Sycamore Financial Group charges an execution commission on all stock or bond trades. That commission is currently \$32.50.

5.A. Financial Planning Fees : Plans may be comprehensive or segmented. At this time Sycamore Financial Group does not charge for financial plans prepared for qualified clients.

5.B. . Disclosure : Does our firm bill its clients for the incurred advisory fees by :

- Sending an invoice to the client, OR Obtaining each client's signed permission to deduct the advisory fees from the client's account held by the custodian, OR
- May clients select either method of billing? Yes, they may.

How often does the adviser assess fees (or bill clients)? Quarterly, for portfolio management services.

For its portfolio management services, Sycamore Financial Group does practice "direct billing" that requires us to obtain a client's written permission to deduct our fees directly from the client's account held by the custodian. [See the ADV Part 1B, Item 2. I] All or most clients opt to pay in this manner. We will send an invoice to a client for payment of our advisory fees if a client prefers.

5.C. . Disclosure : Other types of fees or expenses clients may pay in connection with the advisory services. Clients should be aware that opening an investment account carries with it costs beyond the advisory fee(s) Sycamore Financial Group charges. When placing a transaction order to buy or sell securities, advisory clients may have to pay any or all of the following charges in addition to the advisory fees charged by this firm.

- |                         |  |
|-------------------------|--|
| • Brokerage commissions | • administrative fees for investments in mutual fund fees, |
| • custodian fees        | • and 12b-1 fees in addition to administrative fees,       |
| • postage charges       | and other marketing fees for mutual funds, paid to         |
| • processing charges    | a broker dealer;   |
| • Ticket charges        | • account maintenance fees charged by a broker             |
| • Early surrender       | dealer for an account, especially if inactive.             |
| • Transfer fees         |  |

Because Sycamore Financial Group is also a broker dealer, it may earn part of the commissions and the 12(b)- fees noted above. When we invest a client in a mutual fund, the client could pay Sycamore Financial Group an advisory fee, a brokerage commission, and then also a portion of the 12(b)-1 distribution fee that investors in mutual funds pay to the mutual fund managers.

We direct clients to this brochure's Item 12 for further discussion of brokerage costs.

5.D. . Disclosure : Do clients pay fees in advance? How may a client obtain a refund of a pre-paid fee if the contract is terminated prior to a billed period's end? How will the amount of the refund be determined? Yes. Sycamore Financial Group charges portfolio management fees in advance.

If a client pays a fee in advance of the effective termination date for a services agreement, the firm will calculate and remit to the client a pro-rated refund of any unused fees to the date of termination. Sycamore Financial Group clients may rescind the agreement for Investment Advisory and Management Services within the first five (5) days of signing the agreement without loss of any pre-paid fee.

5.E. Disclosure : Does the firm or any of its supervised persons accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds? Yes. See Item 5. C., above.

Disclosure 5.E.1. Whenever an investment advisory firm's representatives may earn a commission, or mutual fund management 12b-1 fees, or other forms of sales charges in their capacity as the registered representatives of a broker-dealer, that arrangement creates an incentive to recommend those sales and, as a consequence, an inherent possibility for a conflict of interest. An advisor is a fiduciary who is required to make only those recommendations for a client that solely are in the client's own best interest, uninfluenced by any calculation of personal gain.

Our firm addresses this potential conflict of interest by disclosing it to our clients here. We do normally reduce our advisory fees to offset the commissions or markups.

Disclosure 5.E.2. [Explain] Clients always have the option to purchase through unaffiliated broker-dealers and their agents those investment products our firm recommends.

Disclosure 5.E.3 Does our advisory firm receive more than half its revenue from commissions and other sales-based compensation? No, our firm's primary business activity, in time and in revenues, is its fee-based advisory service. The firm realizes less than half of its revenues from its brokerage activities.

Disclosure 5.E. 4. Do we charge advisory fees in addition to commissions or markups? Yes.

Other disclosures for this section : The adviser recommends primarily individual stocks and bonds; if the adviser recommends a fund, it will normally be an index fund. The broker dealer may place smaller accounts in mutual funds, which may include load funds, providing the firm with a portion of the commission. The firm would then waive its advisory fee on those funds.

#### Item 6.:Performance-Based Fees and Side-By-Side Management.

Does our firm charge performance-based fees [fees based on a portfolio's increase in asset value] ? No, it does not. [See also: Form ADV Part 1A, Item 5. E. (6).

Does our firm have a supervised person who manages an account that pays performance fees? No, it does not. NOTE : Regulators have stated that performance fees can cause incentives for an adviser to manage a portfolio with an eye to short term gains only, including investments that are more speculative or have a higher risk of loss. They may also tempt an advisor to allocate more time to them than to other clients' portfolios due to the possibility of a higher fee. As a fiduciary, an investment adviser is to provide equitable treatment to each client's managed portfolio as if it were the adviser's own portfolio - within the investment parameters agreed to with the client.

Item 7. : Types of Clients.

Typically our clients include high net worth and other individuals, corporations and other businesses, pension and profit-sharing plans , charitable organizations, estates, and trusts. Sycamore Financial Group does not have a minimum account size.

Item 8. : Methods of Analysis, Investment Strategies and Risk of Loss.

A. An adviser must describe its methods of analysis and investment strategies used in formulating its investment advice. It must explain in detail any unusual risks.

**Caution : Investing in securities involves risk of loss which a client must be able to bear.**

In formulating advice, the adviser may apply fundamental analysis.

**Fundamental Analysis** – Called the “bottom-up” approach to investing, a fundamental analysis seeks an in-depth understanding of a **specific firm/** company to evaluate its intrinsic value and its future prospects before investing in its stock. Such an analysis studies the firm’s management, its debt, equity and cash flow, history of financial performance/ growth, dividend payout percentages, its products, operating efficiency and marketing structures, among other factors. The firm’s balance sheet and income statement are two key sources of information about the firm.

Fundamental Analysis will compare a firm’s stock price with its earnings per share and its net earnings to its gross revenues and compare both with the averages for that industry sector. The ratio of current liabilities to current assets is another important element of this form of evaluation. A central focus is deciding whether the stock is over-valued or undervalued.

As a term in large-scale economics, a fundamental analysis studies gross national product, inflation and interest rates, trade and unemployment trends, consumer confidence, savings and spending patterns and inventories in order to predict the larger movements of national and international economies. These larger concerns greatly influence the elements considered in a fundamental analysis of any given company.

**Risks** inherent in using a fundamental analysis : The factors involved can require time-consuming study that can fall behind the need to make decisions, if such factors begin to change rapidly. Few of the numbers are absolutes; many are relative to other factors or industry sector information. Most require intelligent judgment and experience to be applied meaningfully to stock values. Fundamental analysis places value on the financial structure and health of the firm to be invested in. These factors at times are of little or no interest to the market place, such that the stock prices for very sound companies may wither when investors look to other reasons and areas for investing.

For a relatively short time period, a firm can falsify facts to hide poor performance or a fragile financial situation. The independence of balance sheets’ and other reports’ numerical information from such possible manipulation may not be readily verifiable. Additionally, time spent using any one analytical method will compete with other analytical methods which might have proven more useful and profitable.

In formulating our investment advice, the firm uses research prepared by others, corporate rating services, annual reports, prospectuses, and filings with the SEC, and company press releases.

8. B. An advisor must explain the material risks involved in frequent trading if its strategy involves frequent trading of securities. An advisor must explain how frequent trading can affect performance.

Sycamore's trading strategies include holding for the long term (a year or more) and may, infrequently, also employ margin and option trading.

What may be regarded as "frequent trading" varies according to

- the client and the strategy for that client's specific account – one client may have multiple accounts that apply different strategies
- to the type of security or relative mix of securities involved
- and to the current nature of the market.

Margin and option trading have time constraints that can appear to be "frequent trading." All these tactics are intended to enhance the portfolio's value and ability to meet a client's stated goals. All trades will add some costs to be deducted from a client's account and could reduce the overall return or growth in a client's account, if carefully measured against what its value would have been had the adviser not placed the transactions.

8.C. Do we recommend primarily a particular type of security? What are the material risks involved with that type of security? Are those risks unusual or significant?

We primarily recommend individual stocks and bonds. We are prepared to provide advice on most types of securities, including :

<u>Equity Securities</u>		<u>Notable</u> risks involved with this type of investment
exchange-listed securities		Market fluctuations can bring losses, lower dividends
over-the-counter securities		More susceptible to market fluctuations; higher risk
foreign issuers		Not always under US financial reporting standards; higher risk
Warrants		Same as OTC
Corporate debt securities		Same as exchange listed, corporate bonds involve credit risk
Certificates of deposit		Limited liquidity
Municipal securities		Same as exchange listed; It is possible that they can default
<u>Investment company securities</u>		
variable life insurance		Insurance company could go out of business; the value of the subaccounts are subject to market fluctuation and loss
variable annuities		Same as variable life
mutual fund shares		Market fluctuations can bring losses; various fees
US government securities		Returns can be low or even, rarely, negative. As hedge against equity market risk, mirror them.
Options contracts on securities		Market fluctuations can bring losses; must make transaction to realize profits; contract expires worthless
<u>Interests in partnerships investing in</u>		
real estate, oil and gas		Historically prone to bubbles and after effects; may lose entire amount invested; not covered by SIPC

Please see Item 12 for further description of our brokerage practices.

Item 9 :Disciplinary Information.

What facts about any legal or disciplinary event involving our firm or its personnel should you know of, because it is material to an evaluation of the integrity of our firm or its management persons?

The SEC requires that we inform you, our client, if our firm or any of our management persons has been involved in any of the events listed below in 9. A, B, and C. and, beyond those points, if there is any material fact about any legal or disciplinary event that you should know about in order to evaluate our integrity.

You may also see these same questions answered online at the investment adviser public disclosure site (IAPD), in Part 1A, Item 11.

**Has our firm or any of our management persons been involved in :**

9. A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which our firm or a management person :

1. was convicted of, or pled guilty or *nolo contendere* ("no contest") to
  - (a) any felony? **No, our firm has not and no one in our firm has been.**
  - (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion? **No, our firm has not and no one in our firm has been.** or
  - (c) a conspiracy to commit any of these offenses? **No, our firm has not and no one in our firm has been.**

2. is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses? **No, our firm has not and no one in our firm has been.**

3. was found to have been involved in a violation of an investment-related statute or regulation? **Yes. On 10.8.1985 the Secretary of State for Indiana, Securities Division, filed an order against the firm (as Smith, Gaylor, Inc.) alleging failure to supervise agents. The matter was resolved 10.17.1985. The firm paid a fine of \$2,000.** or

4. was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, our firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order? **Yes, as part of the Order noted above in item 9. A. 3., the person involved (not Mr. Smith) is no longer with the company.**

9. B. An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which our firm or a management person -

1. was found to have caused an investment-related business to lose its authorization to do business? **No, our firm has not and no one in our firm has been.** or
2. was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority
  - (a) denying, suspending, or revoking the authorization of your firm or a management person to act in an investment-related business? **No, our firm has not and no one in our firm has been.**
  - (b) barring or suspending our firm's or a management person's association with an investment-related business? **No, our firm has not and no one in our firm has been.**
  - (c) otherwise significantly limiting our firm's or a management person's investment-related activities?

**No, our firm has not and no one in our firm has been.** or

(d) imposing a civil money penalty of more than \$2,500 on our firm or a management person? **No, our firm has not and no one in our firm has been.**

9. C. A self-regulatory organization (SRO) proceeding in which our firm or a management person

1. was found to have caused an investment-related business to lose its authorization to do business?

**No, our firm has not and no one in our firm has been.** or

2. was found to have been involved in a violation of the SRO's rules and was:

(i) barred or suspended from membership or from association with other members, or was expelled from membership? **No, our firm has not and no one in our firm has been.;**

(ii) otherwise significantly limited from investment-related activities? **No, our firm has not and no one in our firm has been.** or

(iii) fined more than \$2,500 - **No, our firm has not and no one in our firm has been..**

#### Item 10 :Other Financial Industry Activities and Affiliations.

What material relationships does our firm or any of our management persons have with related financial industry participants? What material conflicts of interest may arise from these relationships and how are these conflicts addressed?

A. Have we, or has any of our management persons, registered either as a broker-dealer or as the representative of a broker-dealer? OR, Do we or any management person have such a registration pending? Yes. Sycamore Financial Group is registered both as an investment advisory firm and as a Broker/ Dealer. Approximately 10% of its business time is required for its brokerage activities.

As a broker dealer it sells all products of a normal brokerage firm, including stocks, bonds, and mutual funds. We disclose our securities and other brokerage and agency affiliations to potential clients prior to executing any advisory agreement.

Sycamore Financial Group reviews all advisory personnel's' proprietary account trading activities on a continuous basis to identify any indications of conflicts of interest, front running or other unethical or illegal activities.

B. Have we, or has any of our management persons, registered as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of any of these entities named here? OR, Do we or any management person have such a registration pending?

No, none of this item applies to our firm.

C. Do we have any "related person" – a person or a firm that we control or that controls us through ownership or as an officer – with whom we have a material relationship, any arrangement that may cause a conflict of interest when providing our clients with investment advice? Having noted above that our firm is also a broker dealer and that its also sells insurance products, Sycamore Financial Group does not have any related firm or person who is a :

- |  |   |
|--|---|
| • Broker Dealer                          | • another investment adviser/ financial planner |
| • Municipal Securities Dealer            | • a futures commission merchant, commodity      |
| • Government Securities Dealer or Broker | pool operator or commodity trading advisor      |
| • An investment company or other pooled  | • a bank or a thrift institution                |
| investment vehicle                       | • an accountant or accounting firm              |
| • including a mutual fund,               | • a lawyer or a law firm                        |
| • closed-end investment company          | • an insurance company or agency                |

- unit investment trust
- private investment company
- hedge fund
- offshore fund
- a pension consultant
- a real estate broker or dealer
- a sponsor or syndicator of limited partnerships.

The risk for a conflict of interest in any such arrangement lies in the compensation to be received if an advisor recommends a service for which it may then obtain additional payment. It creates an incentive to recommend the service.

An adviser's **related persons** are: (1) the adviser's officers, partners, or directors (or any person performing similar functions); (2) all persons directly or indirectly controlling, controlled by, or under common control with the adviser; (3) all of the adviser's current employees; and (4) any person providing investment advice on the adviser's behalf.

D. Do we recommend or select other investment advisers for our clients? NO, we do not.

Item 11. Code of Ethics / Advisory Persons' own trading and possible personal interest in our clients' trades.

A. As required by SEC rule 204A-1 or similar state rules our firm has adopted a Code of Ethics.

Sycamore Financial Group adopted a code of ethics on 1/01/05. If you would like a copy feel free to request one. Our firm's Code of Ethics describes our policies and procedures to abide by the law's prohibit insider trading, including our reviews of our own persons' trades, and other ethical considerations. We will our client or potential client, a copy of our Code of Ethics if you write to us requesting one.

Please note that using any insider information, information that is not readily available to all participants in markets (upon making a reasonable effort to obtain that information), for any person, ourselves or relative any other person, is strictly illegal and punishable by fines and imprisonment.

Steps we have taken to prevent employees from misusing any insider information include : All employees must sign off on the Code of Ethics initially, to include an acknowledgement and agreement to abide by the prohibition against using insider information.

**How our firm controls sensitive information:**

- Building security : visitor screening, building access restricted.
- locked office doors
- locked cabinet files
- password protected computer screens and databases
- fire prevention equipment
- office area under continual supervision.

11. B. [ also in Form ADV Part 1A, Item 8. (1)(2) (3) ]

Does our firm or a related person recommend to our clients, or do we buy or sell for our clients' accounts, securities in which we or a related person has a material interest?

Our firm and/ or its associates **do**

- buy or sell for the firm or for themselves securities (other than shares of mutual funds) that we also recommend to our advisory clients;
- buy or sell for the firm or for themselves shares of mutual funds that we also recommend to our advisory clients;

Our firm and its associates **do not**

- buy securities for the firm or for themselves from advisory clients (principal transactions);
- sell securities the firm or its associates own to advisory clients (principal transactions);
- in their capacity as a broker/ dealer agent, transact purchases or sales of any client's securities directly to any other person (an "agency cross transaction" that side-steps using a securities market place)
- invest or are not permitted to invest in securities related to those we may recommend to clients, such as derivatives
- recommend securities (or other investment products) to our advisory clients in which our firm or any person or other firm related to our firm has some other proprietary (ownership) or other financial interest.
- Act as an investment adviser to an investment company that we recommend to our clients.

11. C. **Personal Trading** : investing in the same or related securities

Does our firm permit itself, its personnel, or a person related to our firm (by ownership or other forms of control) to invest in the same securities that we recommend to our clients, or in securities that are related to those securities, such as options or other derivatives?

Yes, we do allow it. When the adviser determines to sell a security held in two or more client portfolios, and the firm or its associates also are invested in the same security, we may aggregate or "bunch" our orders with clients' orders.

The possible conflicts of interest that arise whenever we recommend, or, in our discretion, buy or sell for you a security that we may also buy or sell for ourselves are

- using your order's market effect to benefit ourselves ("front running");
- using your order as "inside information" that would give us an unfair advantage in the markets to benefit ourselves or any other person (which is an illegal act).

If we do bunch orders, the firm may or may not gain a lower brokerage cost for ourselves; if it does, that could create an incentive to involve your account in that transaction.

Does any person in our firm participate in or have an interest in our clients' transactions? How does such a person participate or what is the interest and what conflicts of interest can that create? No. No one in the firm has a financial interest in any investment transaction the firm recommends to its clients. Examples of such interests would include an adviser recommending that clients invest in a pooled investment vehicle that the firm advises or for which the investment adviser serves as the general partner, or when an adviser with a material financial interest in a company recommends that a client buy shares of that company.

11. D. **Personal Trading** : investing in the same or related securities at the same time.

What specific conflicts do we have when our firm or a related person trades in the same securities at or about the *same time* as it places trades for a client's account?

"The SEC generally dislikes 'contemporaneous' trading," that is, that anyone in our firm might enter an order for her or his own account at the same time as an order in the same security for a client. Note that these restrictions are not applied to investments in mutual funds that are unaffiliated with our firm. Unaffiliated means a mutual fund that we have not ourselves created or helped establish and/ or in some way act as the fund's managers.

The SEC has stated that “an adviser’s ability to place its own trades before or after client trades in the same security may affect the objectivity of the adviser’s recommendations” and therefore states further that the SEC believes *disclosure of this practice* is warranted. The SEC has not in that opinion stated a specific length of time before or after. In that respect it could also be noted conversely that clients might have reservations in employing an adviser who does not invest in the same securities the adviser recommends.

Item 12 :Brokerage Practices.

12. A. Does our firm select a broker/ dealer for you? On what basis do we do so? How do we determine the reasonableness of the broker’s compensation (commission charges)?

Where appropriate , and after full disclosure to clients as required by law, Sycamore Financial Group may recommend itself as a broker/dealer to client. We base our selection of ourselves as the broker-dealer on such factors as our ability to waive the advisory fee and the ease of transmission and follow-up in the order process.

12. A. 1. Research and other “Soft Dollar” benefits : Do we have any conflicts of interest such as receiving “soft dollars” from the broker/ dealer? Our firm receives NO soft dollar benefits.

Required disclosures / explanations:

- a. If an adviser uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, the adviser receives a benefit in not having to produce or purchase them itself.
- b. Any such benefit creates an incentive to select or recommend the broker-dealer that provides it; an adviser’s duty is to select a broker-dealer based on the most favorable execution services for the adviser’s clients.

[c.] Do we “pay up” to obtain soft dollar benefits (that is, do we pay more than the lowest available commission rate)? Do we make our clients pay commissions (or markup or markdowns) higher than those charged by other broker-dealers in return for “paying-up”? This does not apply to our firm.

[d.] Do we use soft dollar products, research or other items for the benefit of all our clients or only certain clients? Do we allocate benefits proportionately to accounts as those accounts generate the soft dollars by our directing brokerage to a specific broker-dealer? This does not apply to our firm.

[e.] The types of products, services or other benefits our firm or any of its related persons acquired in our firm’s last fiscal year due to directing our clients’ brokerage to \_\_\_\_\_ [bd] are : This does not apply to our firm.

[f.] The procedures our firm used during its last fiscal year to direct our clients’ transactions to a particular broker-dealer in return for soft dollar benefits received were : This does not apply to our firm.

Clients need to understand that “soft dollars” are an enticing benefit for an adviser in so far as they provide access to research and / or other products both of use to the adviser in its business and at no expense to the adviser. Clearly, such an enticement creates an incentive to use the broker-dealer in question and may cause the adviser to use a broker that charges the adviser’s clients higher commission rates than another broker-dealer.

An adviser has a duty to seek the best execution of trades for its clients, which includes considerations in addition to the commission rate, however.

Are there additional, material conflicts of interest involved in our use of directed brokerage, due to a relationship with the broker-dealer? None, besides recommending ourselves for brokerage.

12. A. 2. Brokerage for client referrals

Do we direct brokerage to a specific broker-dealer in return for client referrals either to our firm or to a related firm? *[includes referrals from a BD or other third party.]*

No, we do not.

12. A. 3.

[a] Do we “routinely recommend, request or require” our clients to direct brokerage? [describe the practice/ policy] Sycamore Financial Group routinely recommends itself for brokerage services; we do not request or require our clients to use our services. Clients should know that not all advisers do require directed brokerage.

Is the broker-dealer in question an affiliate of our firm or have some other economic relationship? YES. The broker dealer is our own, dually registered firm. We inform our clients here as elsewhere in this disclosure brochure that such a relationship creates an inherent risk for a conflict of interest. The schedule for our brokerage commissions is based on the number of shares and the value of the transaction and is generally competitive with industry norms. In using our own brokerage it is possible that we may not be able to achieve the most favorable execution for client transactions, at an increased cost to our clients than they might have incurred with another broker-dealer.

[b] Do we permit a client to direct brokerage to a specific broker-dealer? Yes. Our practice is to let clients choose another broker dealer if they wish to do so, and to require a limited power of attorney to act as the client’s agent, if the client seeks to have our personnel act in that capacity. Clients should understand that their choice of broker-dealer may lead to higher brokerage costs than they might have otherwise obtained, due to higher rates or an inability to aggregate orders and thereby reduce transaction costs.

12. B. When we place orders with a broker/ dealer for our clients, do we aggregate or “bunch” your trade order with orders for other clients? Yes, we may aggregate sell orders for convenience and to obtain a uniform price.

Item 13 :Review of Accounts.

13. A. Does someone in our firm review your investment account portfolio and how often?

Sycamore Financial Groups reviews financial plans at least annually with updates done as often as the client requests. Frequency can vary from once a year to once a month. Financial planning reports will update prior information provided to clients and generate new tax projections, cash flow, retirement planning, emphasizing uncompleted previous recommendations, etc. Only registered representatives or principals of Sycamore Financial Group will review accounts.

Client accounts that have established a “discretionary” or “managed” account with Sycamore Financial Group are reviewed in general on a weekly “on-going” basis as specific securities holdings are re-evaluated; each specific portfolio will be reviewed generally monthly, at least annually, by an advisor of

Sycamore Financial Group.

Because we send you an account statement, we urge you, our client, to compare carefully that account statement with any other statement you may receive from the account's qualified custodian.

13. B. What factors might trigger a review in addition to our periodic reviews?

Changes in the tax laws or the economy can trigger an update.

13. C. What regular reports do we or others provide you? Are they written reports? What do they contain?

The written financial planning reports will update prior information provided to clients and generate new tax projections, cash flow, retirement planning, emphasizing uncompleted previous recommendations, etc. Frequency can vary from once a year to once a month.

Clients will receive monthly account statements that show all activity in their accounts, including any withdrawals to pay Sycamore Financial Group's fees, dividends credited to the account, purchases and/or sales, and any reorganization items (stock splits, etc.). Additionally, each quarter, clients will receive a separate profit and loss report from Sycamore Financial Group showing account performance to date.

Item 14 : Client Referrals and Other Compensation.

A. Does someone other than a client of our firm pay our firm or related persons, or otherwise provide some economic benefit to our firm, for the investment advice we provide to our clients? Yes. Advisory representatives who are also registered representatives of the related broker dealer will receive 12(b)-1 fees if they place an advisory client's investments in mutual funds. The payment creates an incentive to recommend such funds and thereby a potential conflict of interest. An investment adviser is to recommend to its clients only those investments that are in the client's own best interest, free of any taint of the influence that the prospect of additional income may exert.

B. Does our firm or a firm related to us through some form of ownership pay someone, directly or indirectly, for client referrals? NO, we do not pay solicitors for referrals.

Item 15: Custody.

Does our firm have custody of your assets? Our firm does use "direct billing." The practice of "direct billing" has been defined by the SEC as a form of custody, but also as a "modern practice" that does not require annual audits. It also requires that the client receive at least quarterly statements from the account custodian, showing the advisory fee. Otherwise we do not have custody of our clients' assets.

Who is/ are the qualified custodian(s) of your assets' account? Southwest Securities is the custodian.

The custodian will send to you a monthly account statement for any month in which there is activity in the account and at least quarterly statements. NOTE : These statements should be reviewed carefully. It is not the custodian's responsibility to ascertain the accuracy of the calculation for fees subtracted from your account.

Item 16 : Investment Discretion.

A. Does our firm have discretionary authority over your assets? YES. Sycamore Financial Group does exercise discretion over its clients' accounts. There are limitations that clients can place on our discretionary authority. Suitability parameters, as the client and the adviser establish in the initial interview, are the over-riding limitation on any discretion. The firm gains discretionary authority over a client's account only if and when that client signs a limited power of attorney stating that allowance specifically. A client may revoke that permission at any time. Clients may impose investment restrictions if provided by clear written directions.

Item 17. : Voting Client Securities..— proxy voting practices

A. Sycamore Financial Group will not be required to take any action or render any advice with respect to voting of securities in the account and the advisor is specifically precluded from doing so.

B. This is our policy and our procedures : that we do not vote proxies. Our firm does not vote its clients' proxies. We state this in our agreement and here in these disclosures. Our firm urges our clients to read and participate in the voting process tied to the shares they own in various companies as an excellent means for our clients to become familiar with those companies in which they are invested.

Item 18 : Financial Information.

We do not have custody of our clients' funds or securities in a manner that would require us to present here a **Balance Sheet**. We do practice "Direct Billing" (charging our fees to your account) as described above in Item 15 : "Custody" but that does not carry with it the requirements for custody.

Other forms of custody include : requiring prepayment of a fee of \$500 (\$1200 for an SEC registrant) or more, 6 or more months in advance of services; we do not do this. Mr. Smith is a trustee for some advisory clients, but in those instances is not the sole trustee; the other trustees must agree to any payment to him as the advisor, and therefore he does NOT have custody over those trusts' accounts.

18. B. Financial difficulties :

Our firm has no financial condition that could reasonably seem likely to impair our ability to meet our contractual commitments to you, our client. This question is important, especially if an investment adviser has discretion, custody or both; if our financial condition were precarious, our clients would be exposed to increased risks that we might not manage their assets properly, according to the SEC. Prepaid fees might not be refunded if an advisory firm were to cease being able to do business due to insolvency.

18. C. Our firm has not been the subject of a bankruptcy petition during the last 10 years.

**Part 2B: The Brochure Supplement :** Here we provide information about advisory personnel on whom you rely for investment advice. We must provide this supervised person's supplement to you, our client initially at or before the time when *that* specific supervised person begins to provide you with advisory services.

**Item 1. Cover Page.**

This brochure supplement provides information about Craig Allen Smith that supplements the Sycamore Financial Group brochure. You should have received a copy of that brochure. Please contact Anita Faulkner [[AFaulkner@sycamoreweb.com](mailto:AFaulkner@sycamoreweb.com)] if you did not receive Sycamore Financial Group's brochure or if you have any questions about the contents of this supplement. Additional information about Mr. Smith is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Craig Allen Smith**

Born 9 / 14 /1951

CRD # 810191

**Item 2. Educational Background and Business Experience**

Craig A. Smith: President:

BS-Criminology; Registered Representative and CFP;

Professional Designation: General Securities & Financial Principal Series 24;

Series 63; Series 4; Series 7; Series 27; Series 53; Life Insurance.

Past 5 years employment with Sycamore Financial Group.(from 12.16.1998)

**Item 3. Disciplinary Information.**

The Investment Adviser Public Disclosure site states, regarding Craig Allen Smith :

"Is this Investment Adviser Representative currently suspended with any jurisdiction? **No**"

"Are there events disclosed about this Investment Adviser Representative? **Yes**" [see Item 9, above]

"Are there events disclosed about this broker? **No**"

**Item 4. Other Business Activities.**

As noted above in Part 2A, whenever Mr. Smith recommends a service to an advisory clients, and he himself will be the paid provider of that recommended service, such a situation inherently creates a potential conflict of interest. As a fiduciary he must recommend only those services and products that are in a client's own best interest, free of any influence of possible gain for himself. The firm addresses this possible conflict of interest by disclosing it to the firm's clients.

**Item 5. Additional Compensation.** As described in Part 2A, Mr. Smith may receive 12(b)-1 fees from the administrative fees a client pays to a mutual fund and the insurance commissions from variable annuities. If he recommends the purchase of mutual funds to his advisory clients, that recommendation creates a risk for a conflict of interest, due to the 12(b)-1 fees that he may realize.

**Item 6. Supervision.** Mr. Smith is his own supervisor. He maintains on file in the firm's offices reports of his proprietary trading activities and the formulation of his recommendations for the regulator to review at will.

**Item 7. State Registration requirements** Mr. Smith maintains his registration as a representative of his firm. He has not filed for bankruptcy in the past 10 years.

The **CERTIFIED FINANCIAL PLANNER™**, **CFP®** and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”). The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

**Part 2B: The Brochure Supplement** : Here we provide information about advisory personnel on whom you rely for investment advice. We must provide this supervised person's supplement to you, our client initially at or before the time when *that* specific supervised person begins to provide you with advisory services.

**Item 1. Cover Page.**

This brochure supplement provides information about Anita L. Faulkner that supplements the Sycamore Financial Group brochure. You should have received a copy of that brochure. Please contact Anita Faulkner [AFaulkner@sycamoreweb.com] if you did not receive Sycamore Financial Group's brochure or if you have any questions about the contents of this supplement. Additional information about Mr. Smith is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Anita Lynn Faulkner**

Born 3 / 14 / 1949

CRD # 1575683

**Item 2. Educational Background and Business Experience**

Anita L. Faulkner: Principal Office manager; Registered Representative; Professional Designations: Series 7; Series 63; Series 24.

Past 5 years with Sycamore Financial Group. (from 3/ 1987 to present)

**Item 3. Disciplinary Information.** The FINRA Broker Check and the Investment Adviser Public Disclosure site states, regarding Ms. Faulkner :

"Is this Investment Adviser Representative currently suspended with any jurisdiction? **No**"

"Are there events disclosed about this Investment Adviser Representative? **No**"

"Are there events disclosed about this broker? **No**"

**Item 4. Other Business Activities.**

Ms. Faulkner is also an advisory representative and a registered representative of the broker dealer. If she enters buy orders for an advisory client for any mutual fund, she may also earn a portion of the 12(b)-1 fees attached to the mutual fund's charges to the client. We address this potential conflict of interest by disclosing it to our clients.

**Item 5. Additional Compensation.**

As noted in 4, Ms. Faulkner is a registered representative of a broker dealer and therefore may receive 12(b)-1 fees from the administrative fees a client pays to a mutual fund. Ms. Faulkner is also an advisory representative. If she enters buy orders for an advisory client for any mutual fund, she may also earn a portion of the 12(b)-1 fees attached to the mutual fund's charges to the client. We address this potential conflict of interest by disclosing it to our clients.

**Item 6. Supervision.**

Mr. Smith supervises Ms. Faulkner. He maintains on file in the firm's offices reports of her proprietary trading activities for review. Mr. Smith may be contacted at the address and numbers provided in this form.

**Item 7. State Registration requirements** Ms. Faulkner maintains her registrations as a representative of the broker dealer and the investment adviser. She has not filed for bankruptcy in the past 10 years.

**Part 2B: The Brochure Supplement :** Here we provide information about advisory personnel on whom you rely for investment advice. We must provide this supervised person's supplement to you, our client initially at or before the time when *that* specific supervised person begins to provide you with advisory services.

**Item 1. Cover Page.**

This brochure supplement provides information about Don R. Schlegelmilch that supplements the Sycamore Financial Group brochure. You should have received a copy of that brochure. Please contact Anita Faulkner [[AFaulkner@sycamoreweb.com](mailto:AFaulkner@sycamoreweb.com)] if you did not receive Sycamore Financial Group's brochure or if you have any questions about the contents of this supplement. Additional information about Mr. Schlegelmilch is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Don Robert Schlegelmilch**

Born 11 / 10 / 1955

CRD # **2261654**

**Item 2. Educational Background and Business Experience**

Don R. Schlegelmilch: Registered Representative: BS-AG; MS-ED; Professional Designation: Series 7; Series 6; Series 63; Life, Health. Past 5 years with Sycamore Financial Group.

**Item 3. Disciplinary Information.**

The Investment Adviser Public Disclosure site states, regarding Craig Allen Smith :

"Is this Investment Adviser Representative currently suspended with any jurisdiction? **No**"

"Are there events disclosed about this Investment Adviser Representative? **No**"

"Are there events disclosed about this broker? **No**"

**Item 4. Other Business Activities.**

is also an advisory representative and a registered representative of the broker dealer. If he enters buy orders for an advisory client for any mutual fund, she may also earn a portion of the 12(b)-1 fees attached to the mutual fund's charges to the client. We address this potential conflict of interest by disclosing it to our clients.

**Item 5. Additional Compensation.** Mr. Schlegelmilch is a registered representative of a broker dealer and therefore may receive 12(b)-1 fees from the administrative fees a client pays to a mutual fund. Mr. Schlegelmilch is also an advisory representative. If she enters buy orders for an advisory client for any mutual fund, he may also earn a portion of the 12(b)-1 fees attached to the mutual fund's charges to the client. We address this potential conflict of interest by disclosing it to our clients.

**Item 6. Supervision.**

Mr. Smith supervises Mr. Schlegelmilch. He maintains on file in the firm's offices reports of his proprietary trading activities for review. Mr. Smith may be contacted at the address and numbers provided in this form.

**Item 7. State Registration requirements** Mr. Schlegelmilch maintains registrations as a representative of the broker dealer and the investment adviser. He has not filed for bankruptcy in the past 10 years.