



## Advisory Brochure Part 2A

### Item 1 – Cover Page

Woodstock Financial Group, Inc.

117 Towne Lake Pkwy., Suite 200

Woodstock, GA 30188

770.516.6996

[www.woodstockfg.com](http://www.woodstockfg.com)

March 13, 2012

This Brochure provides information about the qualifications and business practices of Woodstock Financial Group, Inc., “WFG”. If you have any questions about the contents of this Brochure, please contact us at 770.516.6996. 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.

Woodstock Financial Group, Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Woodstock Financial Group, Inc. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure Part 2A dated March, 13, 2012 is part of our annual update. No material changes have occurred since the last annual brochure document and is prepared according to the SEC’s requirements and rules.

Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

Currently, our Brochure may be requested at any time without charge by contacting Dale C. Welty – RIA Chief Compliance Officer, “RIA CCO” at 770.516.6996 or [dwelty@woodstockfg.com](mailto:dwelty@woodstockfg.com).

Additional information about Woodstock Financial Group, Inc. is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with “WFG” who are registered, or are required to be registered, as investment adviser representatives, “IARs” of WFG.

### Item 3 -Table of Contents

Item 1 – Cover Page .....	i
Item 2 – Material Changes .....	ii
Item 3 – Table of Contents.....	iii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation .....	3
Item 6 – Performance-Based Fees and Side-By-Side Management .....	6
Item 7 – Types of Clients.....	6
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	7
Item 9 – Disciplinary Information .....	8
Item 10 – Other Financial Industry Activities and Affiliations .....	8
Item 11 – Code of Ethics .....	9
Item 12 – Brokerage Practices .....	10
Item 13 – Review of Accounts .....	11
Item 14 – Client Referrals and Other Compensation .....	11
Item 15 – Custody .....	11
Item 16 – Investment Discretion .....	12
Item 17 – Voting Client Securities.....	12
Item 18 – Financial Information.....	12

## **Item 4 – Advisory Business**

### **Advisory Firm Description**

Woodstock Financial Group, Inc. (“WFG”) is a financial services firm that offers investment, insurance, and investment advisory products and services to clients primarily in the United States. WFG is an investment advisory firm registered with the Securities and Exchange Commission (“SEC”) as well as a registered broker/dealer with the SEC, the Financial Industry Regulatory Authority (“FINRA”), the Municipal Securities Rulemaking Board (“MSRB”), and various states. The firm is also an insurance agency registered in various states.

WFG was founded in 1995. WFG is principally owned by Woodstock Holdings, Inc., a publicly held company. William J. Raike, President of WFG, is material owner of Woodstock Holdings, Inc. with more than 25% ownership.

As of 2/29/2012, WFG was managing \$143,432,844 in client assets, all of which are managed on a discretionary basis.

### **Types of Services**

Among the numerous products and services offered by the firm, WFG offers a number of advisory products and services for the benefit of clients. WFG offers the following programs for advisory clients:

#### **MANAGED ACCOUNT PROGRAM**

WFG’s Managed Account Program is a fee-based program, whereby WFG and its Investment Advisory Representatives (“IARs”) provide continuous portfolio management and supervisory services for clients. Services are based on the client’s investment objectives, risk tolerance, and liquidity needs.

As part of this program, WFG and IARs will perform the following services:

- Assess the client’s investment needs, objectives, risk tolerance, financial status and liquidity concerns;
- Develop a customized strategy to meet the objectives, risk tolerance, and liquidity concerns of a client;
- Implement the strategy through transactions, either through purchases or liquidations of existing investments; and
- Provide ongoing review and management of the client’s accounts after initiation of the relationship with the client.

WFG and its IARs tailor its advisory services to the individual needs of clients by engaging in transactions and activity that is commiserate with information concerning the client, specifically their investment objectives, risk tolerance, financial status, and liquidity concerns. Clients are permitted to place restrictions on types of securities or certain securities that are reasonable in nature.

WFG and its IARs manage the assets of clients on a discretionary basis, thereby allowing WFG and the IARs to determine what securities and investments are to be bought and sold and the amount of the securities and investments to be bought and sold. More so, WFG has discretion on the selection of the custodian to house the assets. At the current time, all assets are maintained with Fidelity Investments' Fidelity Institutional Wealth Management division or through Woodstock Financial Group, Inc. as broker and Southwest Securities, Inc. as custodian for the client assets. At the request of client and upon agreement by WFG and IAR, client may select another custodian.

Clients are advised that transactions in the client's accounts, including any reallocations and rebalancing, may trigger a taxable event for the client, unless the account is deemed a qualified retirement account (i.e. IRA).

#### **FINANCIAL PLANNING AND CONSULTING SERVICES**

WFG offers financial planning services to clients who seek advice and direction on various aspects of planning. Such advice may include, but is not limited to, analysis of financial plans, retirement planning, budget analysis, estate planning, college planning, and cash flow analysis. The extent and nature of the financial planning is tailored to the desires and needs sought by the client. Services may include a written plan, analysis or recommendations or may involve consultation(s).

Financial plans are based on the client's financial situation at the time and are based on financial information disclosed by the client to WFG. Clients are advised that certain assumptions may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. However, past performance is in no way an indication of future performance. WFG cannot offer any guarantees or promises that client's financial goals and objectives will be met. Further, client must continue to review any plan and update the plan based upon changes in the client's financial situation, goals, or objectives or changes in the economy.

It is noted that the levels and services offered may vary among IARs of WFG based on their knowledge and experience. It is further noted that advice and solutions offered by IARs may vary due to this and client-specific circumstances.

### **THIRD PARTY MANAGEMENT PROGRAMS**

WFG may use the services of a third party manager to offer asset management services to clients. Prior to entering into a relationship with the third party manager, WFG conducted due diligence with respect to the services and business of the third party managers and how such services may assist clients of WFG and its IARs. Each of these third party managers were selected based on their price competitiveness, services, track record, and other determining factors.

WFG has relationships with the following managers:

- Morningstar Management Portfolios
- Brinker Capital
- ITS Asset Management
- Hanlon Investment Management
- Lockwood
- Managers offered through the Fidelity Investments and Southwest Securities Platforms

WFG will assist the client in the selection of a third party manager that is tailored to the needs of the clients. The client may impose restrictions on the management of their accounts, subject to any provisions of the third party manager. In utilizing a third party manager, clients are advised of the following:

- Clients are advised that transactions in the client's accounts, including any reallocations and rebalancing, may trigger a taxable event for the client, unless the account is deemed a qualified retirement account (i.e. IRA).
- WFG does not take custody of client assets. WFG will not directly conduct any securities transactions on behalf of the client or participate directly in the selection of the securities to be purchased or sold for the client. Investment decisions are made by the third party manager in accordance with the agreement between client and manager.
- Performance presentations offered through by these third party managers may not be calculated or presented in a uniform basis.

### **Item 5 – Fees and Compensation**

#### **MANAGED ACCOUNT PROGRAM**

Clients will be charged a flat, annual investment advisory fee in connection with the Managed Account Program. The client and IAR will negotiate a flat fee not to exceed 2.70%.

<b>Account Value</b>	<b>Annual Percentage Fee</b>	<b>Account Value</b>	<b>Annual Percentage Fee</b>
\$0 to \$249,999	2.70%	\$500,000 to \$999,999	1.70%
\$250,000 - \$499,999	2.20%	\$1,000,000 and up	1.20%

The preceding fee schedule may be used as guideline when negotiating fees. In addition to the annual fee, the client may incur additional charges which vary dependent upon the platform and custodian of the assets.

For accounts held through Fidelity Investments, the client will incur commission and transactional charges for various investments bought or sold, such as equities, options, fixed income, exchange traded funds, and other securities. The only exception is mutual funds, where WFG seeks to purchase mutual funds not possessing a load; however, in some instances, WFG will need to purchase a mutual fund with a load since a comparable mutual fund without a load is not available in meeting the client's objectives, risk tolerance, and strategy. For mutual fund positions, the client may incur administrative, management, and 12b-1 fees imposed by the mutual fund. The client may incur additional custodial charges such as account maintenance fees, safekeeping fees, and fees for transfers for charges.

For accounts held through Southwest Securities with WFG as the broker/dealer, the client will not incur commission and transactional charges for various investments bought or sold, with the exception of fees assessed by the SEC for transactions which are generally less than \$5 per transaction. For mutual fund positions, the client may incur administrative, management, and 12b-1 fees imposed by the mutual fund. The client may incur additional custodial charges such as account maintenance fees, safekeeping fees, and fees for transfers of monies or securities.

All fees are payable in advance on a quarterly basis. The initial fee will be based on the value of assets at the inception of client's program account(s) and then quarterly thereafter based upon the value of the client's account at the last business day of the preceding calendar quarter. Should the initial or a subsequent contribution of assets take place during a quarter, the fee for such contribution will be prorated for the remainder of the quarter and be due within a reasonable period upon request. Partial withdrawal of assets during a quarter by a client will not result a refund of previously paid advisory fees for that quarter.

Fees will be deducted directly from the client's account upon authorization granted by the client to WFG in the advisory agreement. A portion of the advisory fee will be paid to client's IAR. Clients may terminate participation in the Managed Account Program at any time by written notice to WFG. Client should request a refund to ensure and verify if any refund of prepaid fees may be due. The effective date of such termination shall be either the account transfer date or date of proceeds from liquidation being sent to client. If any refund of prorated fee is due to client, funds will be credited to existing account if possible or a check will be mailed to the account address of record.

In managing the accounts of the clients, WFG and IAR believe it is important for clients to be apprised on potential conflicts of interest as well as additional disclosures that may be pertinent in the client in determining whether the program is suitable and desirable.

- Clients may deposit assets on which a commission was previously paid, including mutual funds on which a sales charge was paid, to a fee based account. Clients are advised that if such transactions were made through WFG or IAR, commissions may have been previously received and WFG and IAR will receive an advisory fee as stated below in addition to any previously received commissions.
- Clients are advised that a managed account program may be more costly to the client than if the client obtained execution and investment advisory services separately. Additionally, client is advised that a managed account as compared with a traditional commission based account may be more costly to the client, particularly during periods when trading activity is lower. Therefore, client may find that the account results in a higher annual cost for transactions. During periods when trading activity is heavier, such as when the account is first opened, managed accounts may result in lower costs.
- When a client buys a mutual fund for accounts held at Fidelity Investments with a 12b-1 fee, WFG will earn all or a portion of the 12b-1 fee. For this reason, WFG and its IARs will always first seek the class of a mutual fund that carries no 12b-1 fee so as to benefit the client as much as possible. However, if a mutual fund that appropriately fits a client need does not offer a class of share with no 12b-1 fee, the IAR will recommend the class of share that does carry the fee.
- The amount of compensation the IAR receives in connection with the program will vary based on the aggregate amount of the fee and the IARs payout percentage as previously negotiated between WFG and IAR. Generally, IARs with a higher aggregate production receive a percentage of fees greater than an IAR with lower overall aggregate production. Payout ratios are based on fees earned through this advisory program as well as brokerage and insurance commissions earned through their role as a registered representative

## **FINANCIAL PLANNING AND CONSULTING SERVICES**

Fees for financial planning services are negotiated between the client and the IAR. As such, clients may pay higher or lower fees than another client serviced by another IAR for similar services or serviced by an IAR with more or less experience. The fee will be due and payable to WFG either upon completion of the services or in quarterly installments in advance of each calendar quarter. Fees will be in the form of a fixed fee or hourly fee that is negotiable between the client and IAR. Hourly fees do not exceed \$250/hour.

Client is advised that fees for financial planning are strictly for financial planning services. Therefore, client may pay fees and/or commissions for additional services obtained such as asset management or products purchased such as securities or insurance.

Upon presentation of the planning services, services will be deemed completed and the advisory agreement terminated.



Client may terminate the agreement with WFG and receive a full refund of any pre-paid advisory fees for planning services at any time up to presentation of the financial plan to client. Any prepaid quarterly installment will be refunded based on a prorated portion of the fee from the date of termination to the end of the calendar quarter.

### **THIRD PARTY MANAGEMENT PROGRAMS**

Client will be charged an advisory fee that will be in accordance with the third party manager's fee schedule, plus an additional fee which will be paid to WFG for advisory services. Fees for such third party managers as offered through WFG are not negotiable; however, the portion of the fee for WFG is negotiable. The third party manager is responsible for billing clients and providing WFG its portion of the aggregate fees for the program. For additional information concerning fees, you should consult with your IAR and program literature provided by the IAR and third party manager.

Clients are advised of the following:

- Fees for such programs may be higher or lower than if client directly obtained the services of the third party manager or if client obtained advisory services separately. Additionally, client may have account maintenance fees and transaction costs. Clients should read the third party manager's disclosure brochure for additional disclosure of its managed program and fee structure.
- The amount of compensation the IAR receives in connection with the program will vary based on the aggregate amount of the fee and the IARs payout percentage as previously negotiated between WFG and IAR. Generally, IARs with a higher aggregate production receive a percentage of fees greater than an IAR with lower overall aggregate production. Payout ratios are based on fees earned through this advisory program as well as brokerage and insurance commissions earned through their role as a registered representative.

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

Woodstock Financial Group, Inc. does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

### **Item 7 – Types of Clients**

WFG provides portfolio management services to individuals, high net worth individuals, and businesses.

WFG has a guideline minimum of \$25,000 in assets to be managed and participate in the Managed Account Program. No minimums exist for financial planning services. For clients participating in Third Party Management Programs, the third party management may require a minimum amount of assets to be managed. More information concerning Third Party

Management Programs can be found by reviewing the third party manager's Form ADV and other documents detailing any minimum requirements.

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

WFG and IARs may utilize educational seminars, product sponsor presentations, and various sales literature provided by product sponsors in analyzing various products and securities. This is in addition to financial newspapers and magazines, research materials prepared by others, corporate rating services, company press releases, and annual reports, prospectuses, and filings with the SEC.

Under the Managed Account Program, the firm does not offer a uniform investment strategy for each client. Investment strategies will differ based on the needs of the clients. Under the Third Party Management Program, third party manager may engage in specific strategies and methods of analysis. Information concerning such strategies and methods can be found by reviewing a copy of the Form ADV concerning the respective third party manager.

Client accounts may be subject to frequent trading, which can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

WFG does not represent, warrant or imply that the services or methods of analysis used by WFG can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to major market corrections or crashes. No guarantees can be offered that client's goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by WFG will provide a better return than other investment strategies.

Client is advised that the investment recommendations and advice offered by WFG are not legal advice or accounting advice. Client should coordinate and discuss the impact of financial advice with their attorney and/or accountant. Client is advised that it is necessary to inform WFG promptly with respect to any changes in the client's financial situation and investment goals and objectives. Failure to notify WFG of any such changes could result in investment recommendations not meeting the needs of the client and impacting any investment strategies utilized.

WFG offers advice on interests in real estate partnerships, which may pose significant or unusual risks. Risks include but are not limited to the lack of liquidity similar to investing directly into real estate and the associate risks that are inherent when investing in real estate.

**Investing in securities involves risk of loss that clients should be prepared to bear.**

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of WFG or the integrity of WFG's management. In response to this requirement, the following disclosures are being made:

On June 6, 2002, the State of New Jersey initiated an action claiming WFG failed to maintain complete books and records as required by the state. The action was initiated as the state determined that a supervisor of the firm did not maintain reports evidencing reviews of a registered representative of the broker/dealer. The matter was resolved on August 25, 2004 by order of the State of New Jersey. The order imposed a fine of \$12,500.

On March 26, 2010, the State of Connecticut initiated entered a consent order claiming WFG had charged certain Connecticut customers inflated transaction fees, categorized as miscellaneous and ticket charges. The order imposed a monetary fine of \$15,000, reimbursement of \$5,000 in investigative costs incurred by Connecticut, requirement that WFG amend its fee disclosures, and that customers be reimbursed for the difference between the miscellaneous and ticket charges paid and the actual amount of the ticket and postage costs for customers since January 1, 2008.

As a note, the above disclosures were not Investment Adviser related. They relate only to the broker/dealer division of WFG.

## **Item 10 – Other Financial Industry Activities and Affiliations**

WFG is primarily engaged in the activity of a broker/dealer. The vast majority of WFG's time, approximately 90%, is spent on broker/dealer activities. In the capacity of a broker/dealer WFG offers various investment products to the public through registered representatives, who may also serve as IARs. As compensation for such activities, WFG is paid commissions. WFG offers investment products such stocks, bonds, CD's, annuities, options, variable annuities and life contracts, private placements, & mutual funds.

WFG has individuals associated with its broker/dealer in the capacity as registered representatives. WFG registered representative's offer the securities products available through WFG to clients. Clients are under no obligation to purchase or sell securities through WFG; however, if they choose to implement the recommendations offered by WFG registered representatives through WFG for financial planning activities, commissions may be earned in addition to any fees paid for advisory services. Commissions may be higher or lower at WFG than at other broker/dealers. WFG undertakes a review of commissions and fees in determining the appropriateness of such fees relative to the industry and whether any higher costs are reasonable in light of the additional capabilities of a registered representative servicing the client's needs.

Registered representatives associated with WFG may have a conflict of interest in having clients purchase securities related products through WFG in that the higher their production with WFG the greater potential for obtaining a higher payout on commissions earned or lower expense costs for conducting securities business through WFG. It is noted that at the current time, WFG registered representatives do not serve as the broker for advisory assets held at Fidelity Investments and do for assets held through Southwest Securities; however, in the case of advisory assets held through Southwest Securities, the registered representative does not earn a commission on these transactions.

WFG and its associated persons may enter into agreements with various insurance companies to offer insurance products to clients. Such products may include, but not be limited to, life, health, fixed annuity, disability, and variable annuity products. WFG and its associated person may receive commissions for the sale of insurance products. Commission payout schedules may be higher or lower than those commission payout schedules negotiated by other insurance agents with the same insurance companies. Additionally, WFG and associated persons may receive benefits such as trips and bonuses for their sales in certain insurance products with various insurance carriers.

WFG may utilize “Third Party Managers” also known as “Separate Account Managers” if IAR and client choose. The current relationships are identified in Item 4 and information about their fees is included in Item 5.

#### **Item 11 – Code of Ethics**

WFG has a fiduciary duty to clients to act in the best interest of the client and always place the client’s interests first and foremost. WFG takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as WFG’s policies and procedures. Further, WFG strives to handle clients’ non-public information in such a way to protect information from falling into hands that have no business reason to know such information and provides clients with WFG’s Privacy Policy. As such, WFG maintains a code of ethics for its IARs, supervised persons and staff. The Code of Ethics contains provisions for standards of business conduct in order to comply with federal securities laws, personal securities reporting requirements, procedures for certain transactions, code violations reporting requirements, and safeguarding material non-public information. Further, WFG’s Code establishes WFG’s expectation for business conduct. A copy of our Code will be provided to any client or prospect upon request.

Neither WFG nor its IARs have a material financial interest in any security that it recommends to a client with one exception. An affiliate of WFG, Raikē Real Estate Fund, may be recommended to clients. Investments in real estate limited partnerships may pose significant or unusual risks, such as limited liquidity.

Any investment in the Raikē Real Estate Fund will not be subject to any investment advisory fees nor will be managed on an advisory basis. Broker/dealer representatives of WFG, who

may also be registered as an IAR, may earn a commission on the sale of the fund. The fund was organized and is substantially owned by William J. Raikes, who serves as President and owns a material percentage of Woodstock Holdings Group, which is the owner of WFG.

IARs of WFG may invest in the same securities it recommends to clients. Accordingly, it is possible that WFG and IAR may receive a better price or execution for such transaction than its clients. To avoid this conflict, WFG has a “black-out” period on all client transactions for IARs transactions. WFG prohibits IARs from placing trades in the same securities or short-term derivative instruments of such securities for accounts in which they have a financial interest in on the same day and same side of market that they are recommending or allocating transactions in client accounts. The black-out period restriction does not apply to mutual funds, non-discretionary orders that are received from a client on an unsolicited basis in the same security, or on long-term derivative contracts. On occasion, a situation may arise that an IAR needs to trade the same security (such as a forced liquidation). This may only be done with the prior approval of the RIA CCO and as long as no clients are at a disadvantage in terms of price.

## **Item 12 – Brokerage Practices**

In providing services under its Managed Account Program, WFG will utilize its own broker/dealer as well as Fidelity Institutional. Accounts with which WFG acts as the broker/dealer are custodied at Southwest Securities.

For assets either custodied at Southwest Securities or Fidelity Institutional, WFG and its IARs are provided access to research provided by the institutions. Such research is utilized by WFG and its IARs in formulating investment advice and providing advisory services. WFG or its IARs do not receive any additional research as a result of the volume or amount of transactions directed to either institution as any research provided is a standard offering for utilizing their services. As such, no commissions are utilized for obtaining such research. WFG does not have a direct financial incentive for utilizing the services of Southwest Securities or Fidelity Investments as WFG does not earn a commission or share in any custodial fees that these firms may impose with the exception of mutual fund 12b-1 fees.

WFG will receive all or a portion of the 12b-1 fee from either Southwest Securities or Fidelity Investments. For this reason, WFG and its IARs will always first seek the class of a mutual fund that carries no 12b-1 fee so as to benefit the client as much as possible. However, if a mutual fund that appropriately fits a client’s need does not offer a class of share with no 12b-1 fee, the IAR will recommend the class of share that does carry the fee.

In respect to Southwest Securities, WFG acts in the capacity of a broker/dealer and as an investment adviser providing WFG enhanced capability in managing the accounts of clients. The firm may aggregate client transactions for purchases and sales. Aggregating transactions offer WFG the opportunity to quickly make adjustments to various client accounts. WFG permits IARs to aggregate transactions if such aggregation is in the best interest of clients.

### **Item 13 – Review of Accounts**

The RIA CCO and IARs are continuously monitoring client accounts managed and supervised by an IAR on an ongoing basis. In reviewing client accounts, IARs factor changes in the client's facts and circumstance, market shifts, political events, and changes affecting individual companies or securities, such as changes in management.

The RIA CCO will review quarterly a sample of client accounts by reviewing transactions and underlying information concerning the client to ensure WFG and its IARs are meeting its obligations to clients. Additional reviews may be warranted on as needed basis. These additional reviews may be triggered by requests from clients, complaints, and material changes in a client account.

Clients will be provided an account statement no less than quarterly from the qualified custodian maintaining their account.

Financial plans will be reviewed by IARs in a manner and time that is consistent with any agreement entered to by a client and WFG.

### **Item 14 – Client Referrals and Other Compensation**

It is the policy of WFG to prohibit the payment of solicitation fees or other compensation for client referrals to individuals who are not registered as IARs or to any entity.

WFG generally does not receive any additional compensation from any individual or entity for providing investment advice or advisory services to its clients.

As stated above in Section 5, WFG is compensated for referring clients to third party managers as part of WFG's Third Party Management Program. WFG receives typically less than 1% annually of the client's assets under management that are placed with the third party manager as a fee for such referral. A conflict of interest could potentially exist in that WFG and its IARs may recommend a manager with a more aggressive strategy in the desire to boost assets under management and correspondingly the fee WFG receives for such referral. As a matter policy, WFG prohibits its IARs from recommending a manager and a strategy that is not commiserate with the client's investment objectives, financial condition, and risk tolerance.

### **Item 15 –Custody**

Clients should receive at least quarterly statements from the qualified custodian that holds and maintains client's investment assets. WFG urges you to carefully review such statements and compare such official custodial records to any account statements that we may provide to you. At the present time, WFG does not provide any statements in addition to statements provided by the qualified custodian. Custodian's mailing addresses are as following:

Fidelity Investments  
PO Box 770002  
Cincinnati, OH 45277

Southwest Securities  
1201 Elm Street, Suite 3500  
Dallas, TX 75270

#### **Item 16 – Investment Discretion**

WFG 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. Prior to assuming discretionary authority, a client is required to execute an advisory agreement with WFG, which provides WFG discretionary authority.

When selecting securities and determining amounts, WFG observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to WFG in writing.

#### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, WFG does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. WFG may provide advice to clients regarding the clients' voting of proxies.

#### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about WFG's financial condition. WFG 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.