

Item 1 – Cover Page

**The Financial Network Group, Ltd.  
7890 E. Kemper Road  
Suite 200  
Cincinnati, OH 45249  
P: 513-469-7500**

**[www.thefinancialnetworkgroup.com](http://www.thefinancialnetworkgroup.com)**

**March 12, 2012**

**This brochure provides information about the qualifications and business practices of The Financial Network Group, Ltd. If you have any questions about the contents of this Brochure, please contact us at (513) 469-7500 and/or [julies@fngltd.com](mailto:julies@fngltd.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about The Financial Network Group, Ltd. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Any references to The Financial Network Group, Ltd. as a registered investment adviser or its related persons as registered advisory representatives does not imply a certain level of skill or training.**

## **The Financial Network Group, Ltd.**

### **Item 2 - Material Changes**

March 12, 2012 – Revised assets under management under Item 4 as follows:

*Previous:* As of November 2010, FNG manages \$552,086,433 of discretionary assets and \$8,494,603 of non-discretionary assets.

*Revised:* As of December 31, 2011, FNG manages \$636,845,000 of discretionary assets and \$7,591,000 of non-discretionary assets.

At least annually, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. Additionally, reference to the date of the last annual update to this Brochure will be provided.

The material changes discussed above are only those changes that have been made to this brochure since the firm's last annual update of the brochure. The date of the last annual update of the brochure was March 31, 2011.

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## **Item 3**

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## **The Financial Network Group, Ltd.**

### **Item 4 - Advisory Business**

The Financial Network Group, Ltd. (hereinafter referred to as “FNG”) is an investment advisory firm offering a variety of advisory services customized to your individual needs. The services are more fully described below.

FNG has been in business since 1994. The principal owners of FNG are Nathan Bachrach and Edward Finke. Nathan serves as the CEO and Chief Compliance Officer to FNG and Edward serves as the President to FNG. Additional business information about Nathan Bachrach and Edward Finke is disclosed on the Supplemental Brochure attached to this Brochure.

FNG offers the following advisory services. As previously stated, each of the services is more fully described below.

- Asset Management Services offering:
  - Wrap or Bundled Program
  - Non-Wrap or Unbundled Program

Regardless the option you select you will receive the same level of management. However, the decision to select a wrap or non-wrap program is based structure of costs. Wrap accounts may be more suitable for the client who wants the cost of management and trading in one single fee without being charged for each transaction. While a non-wrap account will be more suitable for a client who prefers to separate management fees and pay for each transaction. Actively management accounts will generally be better suited for a wrap account. Managed accounts that are infrequently traded or trade in no-transaction fee securities will be better suited for a non-wrap fee structure.

- Third Party Management Programs including Genworth Financial Wealth Management
- Financial Planning, Investment Consulting and Asset Allocation for External Pension, Profit Sharing, 401k and 403b Plans

FNG tailors the advisory services it offers to your financial goals, objectives and needs. You may impose restrictions and/or limitations on the investing in certain securities or types of securities.

FNG tailors the services you have requested to your specific needs by starting the process with a consultation and interview. That process enables FNG and you to determine if the relationship is a good fit and understand the services FNG offers. FNG will utilize a combination of interviews, completion of a new account information form, and other data gathering forms. You should expect the data gathering process to take approximately three meetings. Depending on the services you request, FNG will gather various financial information and history from you including, but not limited to:

- Retirement and financial goals
- Investment objectives
- Investment horizon
- Financial needs
- Cash flow analysis
- Cost of living needs

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- Education needs
- Savings tendencies
- Other applicable financial information required by FNG in order to provide the investment advisory services requested.

As of December 31, 2011, FNG manages \$636,845,000 of discretionary assets and \$7,591,000 of non-discretionary assets.

### **Asset Management Services**

Within FNG's managed assets program TFG offers several options and access to several custodians through which FNG is able to manage your portfolio.

- Type of Management
  - Model Managed Account – Your account will be managed similarly to other clients. Model managed accounts will not necessarily consider your individual tax situation when conducting transactions. The model portfolios consist of mutual funds and exchange traded funds. Model portfolio options are designed around the size of the account and taxable and non taxable accounts.

FNG has a dozen models it offers. The models vary from conservative to aggressive and are designed for qualified accounts and taxable accounts.

- Customized Management Account – A portfolio is designed specifically to your individual needs.
- Structure
  - Wrap or bundled program - You pay a single all inclusive fee covering management and transactional charges.
  - Non-wrap or unbundled program - You pay a management fee plus you will pay transaction fees for each transaction.
- Management Platform Options

FNG has made arrangements with various broker/dealers to offer you access to custodial services. Additionally, FNG is able to monitor and trade your account. FNG is provided with regular reports concerning your account and is more easily able to assist you with account set up, account issues that may arise, provide better customer service and transfer assets.

If you select another brokerage firm for custodial and/or brokerage services you will not be able to receive asset management services from FNG. Instead, you will be provided with asset allocation services as described below. Advisory Representatives registered with FNG are dually registered with a broker/dealer, Royal Alliance Associates, Inc. ("Royal"), member FINRA and SIPC. Advisory Representatives must adhere to FINRA rules and regulations and the policies and procedures of Royal Alliance. Royal Alliance policies and procedures and FINRA have a rule that prohibits

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representatives from conducting transactions at a broker/dealer for which approval has not been obtained from Royal Alliance.

➤ **Royal Alliance Associates, Inc. Through the Clearing Firm, Pershing, LLC  
VISION2020 Advisor Program (the "Program")**

The Program provides comprehensive investment management of your assets through the provision of web based asset allocation tools, as well as execution, clearing and custodial services. With respect to its asset allocation services, the Program utilizes Ibbotson Associates to provide you access to risk tolerance assessment, efficient frontier plotting, fund profiling and performance data, as well as portfolio optimization and re-balancing tools.

The Program may be offered by FNG on a 1) Discretionary Trading Basis or 2) Discretion Limited To Maintenance Of The Initial Agreed Upon Asset Allocation.

In an account with Discretionary Trading, the Independent Advisory Representative may purchase or sell load waived, no-load mutual funds and other equity and debt securities for accounts not included in the initial asset allocation, without obtaining specific your approval for each transaction.

In an account with Discretion Limited To Maintenance Of The Initial Agreed Upon Asset Allocation, the Independent Advisory Representative will only purchase or sell securities which have been approved by you in advance. The Independent Advisory Representative will initiate an initial asset allocation with your prior review and approval. However, the Independent Advisory Representative may rebalance the account to maintain the initial agreed upon asset allocation, without your prior consent.

The Program is sponsored by Royal Alliance Associates, Inc. As Program sponsor, Royal Alliance has created a Program Brochure which will be distributed to you prior to or concurrent with their engagement in the Program. You should read it thoroughly before investing.

The Program is offered as a Wrap Account which bundles advisory and administrative fees, as well as transaction charges into one asset-based fee. Alternatively, the Transaction Charges can be unbundled from the advisory and administrative fees in the Non-Wrap Account option

Whether you opt for either the Wrap or Non-Wrap Account option you may be charged a maximum of up to 2.50%. However, in Non-Wrap Accounts you are also billed separate Transaction Charges.

The complete schedule of Program fees is set forth in the Program Brochure created by Royal Alliance and provided by FNG to you prior to or concurrent with their engagement in the Program.

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### **VISION2020 Wealth Management Platform – Model Portfolio Strategists Program**

The Wealth Management Platform - Model Portfolio Strategies Program (“Model Program”) is offered as a discretionary Wrap Account program which bundles advisory and administrative fees, as well as transaction charges into one asset-based fee.

The Model Program offers Model Program clients managed asset allocation models (“Asset Allocation Models”) of mutual funds or exchange traded funds (“ETFs”) diversified across various investment styles and strategies. FNG may recommend The Asset Allocation Models that are constructed by the following managers (“Program Managers”).

- Russell Investment Management Company
- LWI Financial Inc.

Program Managers that recommend mutual fund Asset Allocation Models use load waived or no-load mutual funds. The cost of purchasing and holding mutual fund shares through the Model Program may be more or less than investing in mutual fund shares in a brokerage account, depending upon the amount of the advisory fees and the specific mutual funds selected for investment within the Model Program.

Based upon your risk tolerance, the Model Program utilizes a system that selects a specific Asset Allocation Model which may contain either 1) a combination of mutual funds or 2) a combination of exchange traded funds (“ETFs”). Whether mutual funds or exchange traded funds are used will depend on which Model Program Manager is used. You along with your Advisory Representative will select an Asset Allocation Model. After such determination is made, FNG, with the assistance of program sponsor, VISION2020 Wealth Management Corp. (“Program Sponsor”), will open a Model Program account and your assets will be invested in the specific investments contained within the recommended Asset Allocation Model.

The Model Program will be governed by an advisory client agreement signed between you, FNG, as Adviser and Program Sponsor as Co-Advisor. With your assistance, FNG will determine initial and ongoing suitability of the Model Program selected. As Co-Advisor, Program Sponsor will provide monitoring and review of Asset Allocation Models. Program Sponsor has the discretion to modify and/or rebalance a Model Program Manager’s Asset Allocation Model and its associated Model Program client accounts without your consent consistent with your agreed upon investment objectives and risk tolerance.

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**Russell Investment Management Company:** The Russell Investment Company Funds (“Russell Funds”) are managed by Russell Investment Management Company and other managers as disclosed by the respective prospectus for each of the Russell Funds. The assets within the Program client account will be invested by FNG with the assistance of Program Sponsor, in a recommended Asset Allocation Model of Russell Funds suitable to your risk tolerance and investment objectives. If suitable, assets may be invested in an Asset Allocation Model of Russell Funds designed to help minimize taxable events (“Russell – Tax Managed Model”). Program Sponsor will be responsible for rebalancing the portfolio of Russell Funds, generally in accordance with the instructions provided by Russell Investment Management Company. There can be no assurance that any of your investment goals will be met or that the net return on an investment in a portfolio of the funds will exceed what could have been obtained through other investment or savings strategies.

**LWI Financial Inc.:** Program Manager, LWI Financial Inc. (“Loring Ward” or “LWI”) will provide Asset Allocation Models composed of SA Funds which are advised and administered by Loring Ward and sub-advised by Dimensional Fund Advisors, Inc. (“DFA”); or a group of mutual funds advised by DFA (“DFA Funds”) mutual funds. The assets within the Program client account will be invested by FNG with the assistance of Program Sponsor, in a recommended Asset Allocation Model of SA and DFA Funds (collectively, “SA/DFA Funds”) suitable to your risk tolerance and investment objectives. Program Sponsor will be responsible for rebalancing the portfolio of SA/DFA Funds within the client account generally in accordance with the instructions provided by Loring Ward. There can be no assurance that any of your investment goals will be met or that the net return on an investment in a portfolio of the funds will exceed what could have been obtained through other investment or savings strategies.

### *Custody of Assets*

All assets will be held by the custodian designated in a customer agreement provided to client (“Custodian”). Custodian will provide statements of account to each client including consolidated monthly statements. You will also be provided with quarterly performance reports and year-end tax statements. Fees payable to FNG and its Investment Advisory Representatives will be deducted from the accounts quarterly and reflected within your statements. Fees may be negotiable depending upon the amount of assets under management, the nature and extent of account relationships between you and FNG, the type of services requested and other factors that FMG deems relevant to the advisory services relating to the Model Program.



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- Charles Schwab & Co., Inc. (“Schwab”) – offered as a wrap or bundled account
- TD Ameritrade, Inc. - offered as a wrap or bundled account
- Management Authority
  - Discretionary management – FNG will have the authority to determine what to buy, sell and exchange securities within the account and when without your prior authorization.
  - Non-Discretionary management – Prior to any buy, sell, exchange or reallocation of the account, FNG will require your authorization of each transaction. An initial asset allocation will be implemented with your prior approval. However, rebalancing of the account to maintain the initial agreed upon asset allocation, without your prior consent will occur. You should refer to the Investment Discretion section below for additional information and risks.

Upon FNG completing its analysis of your situation, FNG will assist you with selecting one or more management platforms that are suitable to your needs. From there, FNG customizes your portfolio allocation taking into consideration any of your limitations or restrictions, the market and economy at the time and your financial situation, goals and objectives.

FNG will schedule a meeting with you and present the recommended portfolio allocation. Upon your approval, FNG will implement the portfolio allocation. FNG will provide continuous and ongoing management.

FNG may actively trade securities and hold such holdings for periods of 30 days or less or maintain positions for longer or shorter term periods.

FNG primarily uses open-ended mutual funds which are no-load and load waived or mutual funds purchased at net asset value (NAV) and exchange traded funds (ETFs). Additionally, FNG provides management services to variable life and variable annuities. However, managed accounts are not exclusively limited to mutual funds and may include stocks and bonds which are typically transferred by you or specifically requested by you.

You are advised transactions in the account, account reallocations and rebalancing may trigger a taxable event, with the exception of IRA accounts, 403(b) accounts and other qualified retirement accounts.

Accounts may not be established by the deposit of securities or the depositing of additional securities into existing fee based brokerage accounts, which were purchased by you on a commission basis in the prior twenty-four (24) months through your Advisory Representative. The purpose of this prohibition is to prevent you from paying arguably duplicative or extra charges. You are advised that you may also not want to open fee based brokerage accounts with the proceeds of the sale of commission securities since you will then bear the transaction fees on purchases and sales of the commission securities and the fees and charges associated with the fee based brokerage account.

### **Third Party Management Programs**

#### **The Genworth Financial Wealth Management Platform**

## **The Financial Network Group, Ltd.**

FNG offers an asset allocation system known as Genworth Financial Wealth Management Platform (“GFWM Platform”).

You will be requested to complete a questionnaire to enable you and FNG to identify more clearly your risk tolerance and rate of return objectives in the context of the GFWM Platform, and will provide information concerning your investment experience, anticipated need for liquidity, potential timing of the need for retirement funds, and other investment needs and parameters.

GFWM makes a number of different Investment Solutions available through the GFWM Platform. These include a variety of asset allocations created by Portfolio Strategists, and comprised of (i) open-end mutual funds, (ii) Exchange Traded Funds (ETFs), which are baskets of securities, tracking a wide variety of market indexes, that are traded as individual securities on a national exchange, (iii) variable annuity sub-accounts with certain variable annuity issuers, and (iv) individual securities for Consolidated Managed Accounts.

You may be able to select from various Privately Managed Account Investment Solutions, including a Consolidated Managed Account (“CMA”), or a Unified Managed Account (“UMA”). Each of these Investment Solutions is discussed in more detail in The GFWM Platform Disclosure Brochure.

GFWM establishes and will periodically review and confirm or adjust the guidelines provided to the institutional investment management firms, referred to as Portfolio Strategists (“Portfolio Strategists”).

You should refer to the GFWM Schedule H Brochure for complete information regarding the GFWM Platform including details about all Platform-related fees.

### **SEI Asset Allocation Program - Closed to New Clients**

SEI’s program involves the application of modern portfolio theory, asset allocation and ongoing investment management.

SEI will provide model asset allocations for clients based on its capital market research. SEI develops and maintains a full range of dynamic asset allocation portfolios that fall along the efficient frontier. SEI has created asset allocation programs using mutual funds investing in stocks, bonds, and cash in order to try to meet varying client objectives.

SEI incorporates a formal rebalancing program to control risk. Rebalancing recommendations are made automatically if the underlying funds are out of the prescribed quarterly allocation by greater than a 2% variance.

You maintain full and complete ownership rights and ability to vote securities and/or receive a monthly report reflecting all transactions in the Account for the preceding month. SEI Trust Company will provide custodial services for the account pursuant to the custodial agreement signed by the client. SEI Trust Company will provide at least quarterly statements to you showing all account activity.

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### **Other Third Party Advisory Services**

FNG offers you the services of various third party investment advisers (“Third-Party Advisory Services”) for the provision of certain investment advisory programs. A brief description of the programs provided by the Third-Party Advisory Services follows:

- FTJ FundChoice

If you are interested in learning more about any of these services, please note that a complete description of the programs, services, payment structure, and termination features is available via the applicable Third-Party Advisory Service’s disclosure brochures, investment advisory contracts and account opening documents.

Please further note that when investing in mutual funds and variable annuities, you are strongly encouraged to review the applicable prospectuses. Mutual funds and variable annuities may impose certain restrictions on the frequency, timing and dollar amount of transactions and may impose penalty fees based upon short-term trading patterns. Such restrictions may impact the services provided by Third-Party Advisory Services.

#### *Advisory Services provided by FNG in connection with Third-Party Advisory Services*

In connection with these arrangements, FNG provides services to you by assisting in the selection and ongoing monitoring of a particular Third-Party Advisory Service. Factors considered in the selection of a particular third-party adviser may include but may not be limited to: i) FNG’s assessment of a particular Third-Party Advisory Service; ii) your risk tolerance, goals, objectives and restrictions, as well as investment experience; and, iii) the size of your assets available for investment.

The services provided by Third-Party Advisory Service are under certain conditions available direct to investors from those Third Parties. The fees charged by Third-Party Advisory Services to clients who contract directly for their services may be more or less than the combined fees charged by the Third-Party Advisory Service and FNG for participation in investment programs. However, clients using the services of Third-Party Advisory Services directly would not receive FNG’s assistance in developing an investment strategy, selecting a Third-Party Advisory Service, monitoring performance of the account, and changing a Third-Party Advisory Service provider when appropriate.

#### *Securities Transactions*

All securities transactions are decided upon and executed by the Third-Party Adviser. Each Third-Party Adviser maintains its own separate execution, clearing, and custodial relationships.

### **Financial Planning, Investment Consulting and Asset Allocation Services for External Pension, Profit Sharing, 401k and 403b Plan Assets**

FNG will schedule a meeting with you and present an analysis of your situation and recommendations for steps to be taken to assist you with working toward financial goals.

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Plans are based on your financial situation at the time and are based on financial information you have disclosed to FNG. You 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. FNG cannot offer any guarantees or promises that your financial goals and objectives will be met. Further, you must continue to review the plan and update the plan based upon changes in your financial situation, goals, or objectives or changes in the economy. Should your financial situation or investment goals or objectives change, you must notify FNG promptly of the changes.

Further, you are advised the advice offered by FNG may be limited and is not meant to be comprehensive. Therefore, you may need to seek the services of other professionals such as an insurance adviser, attorney and/or accountant.

You are not obligated to implement advice through FNG or Advisory Representatives. Should you implement the plan with FNG's Advisory Representatives commissions or other compensation may be received in addition to the advisory fee paid to FNG.

If you have a retirement account and require assistance with allocating and investing your retirement contributions, FNG can assist you with asset allocation. Since the assets are custodied outside of the control of Royal Alliance, you will be responsible for accepting and implementing FNG's recommendations.

### **General Information**

You are advised the investment recommendations and advice offered by FNG are not legal advice or accounting advice. You should coordinate and discuss the impact of financial advice with your attorney and/or accountant. You are advised it is necessary to inform FNG promptly with respect to any changes in your financial situation and investment goals and objectives. Failure to notify FNG of any such changes could result in investment recommendations not meeting your needs.

## **Item 5 - Fees and Compensation**

### **Asset Management Services**

Advisory fees will be charged to and collected directly from your account. You will be provided with a fee invoice that identifies the advisory fee, the value of the account and how the fee was calculated. Additionally, you will be provided with an account statement reflecting the deduction of the advisory fee. Regardless of the trading authority on the account, if the account does not contain sufficient funds to pay advisory fees, FNG has limited authority to sell or redeem securities in sufficient amounts to pay advisory fees. You may reimburse the account for advisory fees paid to FNG, except for ERISA and IRA accounts.

Fees are set forth as an annual rate. Fees are due to FNG in advance of each calendar quarter. An initial fee will be payable when the account is established, pro-rated for the first partial quarter, if applicable. Thereafter, the fee will be payable in advance of each calendar quarter based on the asset value of the account as of the last business day of the prior quarter. Fees are not based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds.

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Fees are negotiable.

FNG reserves the right to amend its fee schedule upon 30-days prior written notice to you.

Depending on the Advisory Representative you have selected and subject to negotiation between you and your Advisory Representative the following variables exist:

- All managed accounts may be aggregated together to determine the fee or a fee based on the fee schedule below applied to each account.
- The fee schedules below may be tiered or not tiered. If you are charged based on a tiered fee schedule you will pay fee for each level of assets as determined by your Advisory Representative provided the fee does not exceed the fee schedule below. Alternatively, if you are charged a flat fee based on the total account value based on the fee schedule below.
- Each Advisory Representative can determine their fee schedule within FNG's fee schedule. Therefore, depending on the advisory representative you have selected, a client with a similar account size and management platform may pay more or less than you. The amount of fee charged by any Advisory Representative is not commensurate with the Advisory Representative's experience, education or results.
- You are advised Advisory Representatives are dually registered representatives of Royal Alliance Associates, Inc. ("Royal Alliance"), a registered broker/dealer, member of the Financial Regulatory Association (FINRA) and SIPC. Advisory Representatives may receive trail commissions (i.e. 12b-1 fees) for a period of time as a result of directing securities transactions through Royal Alliance. Load and no-load mutual funds may pay annual distribution charges, sometimes referred to as 12b-1 fees. 12b-1 fees come from fund assets, therefore, indirectly from client assets. 12b-1 fees may be initially paid to Royal Alliance and a portion passed to the Advisory Representatives. The receipt of such fees could represent an incentive for the Advisory Representatives to recommend funds with 12b-1 fees over funds that have no fees or lower fees. As a result, there is a potential conflict of interest. If you have a qualified account (i.e. IRA, 401k, 403b, Roth IRA, Simple IRA, 457, etc.), 12b-1 fees received by Royal Alliance will be refunded to your account. 12b-1 fees on qualified accounts will not be retained by Royal Alliance or paid to your Advisory Representative.

### *VISION2020 Advisor Program (the "Program")*

Clients opting for either the Wrap or Non-Wrap Account option may be charged a maximum of up to 2.50%. However, Non-Wrap Accounts are also billed separate Transaction Charges.

The complete schedule of Program fees is set forth in the Program Brochure created by Royal Alliance and provided by FNG prior to or concurrent with your engagement in the Program.

### *Vision2020 Wealth Management Platform – Model Portfolio Strategists Program*

## The Financial Network Group, Ltd.

Fees are charged quarterly based upon the assets under management. Fees are negotiable and range up to 2.6% (annualized) of the assets under management that may be collected by FNG, its associated broker-dealer and all associated broker-dealer affiliates.

### *Mutual Fund Fees and Charges*

All mutual funds comprising the portfolio of funds will be purchased at Net Asset Value without the imposition of any sales charges.

You will bear a proportionate share of the fees and expenses of mutual funds selected. These fees and expenses may include investment advisory, administrative, distribution, transfer agent, custodial, legal, audit and other customary fees and expenses related to investment in mutual funds and are in addition to the Model Program Fee. You are encouraged to read the prospectuses of the mutual funds selected for a more complete explanation of these fees and expenses.

For more complete details, including a schedule of Model Program fees, please see the Model Program Schedule H Brochure created by Program Sponsor. Your Advisory Representative will provide this brochure prior to or concurrent with your engagement in the Model Program. You should read it thoroughly before investing.

### *Asset Management Account through Royal Alliance Associates, Inc. – Outside Vision2020 Advisor*

Advisory fee plus transaction costs.

<b><u>Portfolio Value</u></b>	<b><u>Maximum Annual Fee</u></b>
\$50,000 - \$1,000,000	2.50%
\$1,000,001 +	Negotiable

In addition to the investment advisory fee, you will be charged transaction charges pursuant to a fixed schedule for trade execution. These transaction charges are paid to Pershing and are partially retained by Pershing for its clearance and execution services. Furthermore, a portion of the transaction fee will be paid to Royal Alliance for its supervisory services. These transaction charges represent the only payment to Royal Alliance and Pershing for their services. In addition to the advisory fee paid to FNG, you will pay a proportionate share of mutual fund expenses, including the fee paid to the adviser of the mutual fund. FNG does not share in any portion of such fees and expenses.

You may make additions to the account or withdrawals from the account, provided the account continues to meet minimum account size requirements. Additional assets deposited into the account of \$5,000 or more after it is opened will be charged a pro-rata fee based upon the number of days remaining in the then current calendar quarter. Partial withdrawals from the account of \$5,000 or more during a calendar quarter will result in a prorated fee credit to the account applied on the next quarter's billing.

RASA pricing may be suitable for clients with a more passive trading strategy who wish to unbundle the transaction costs from advisory and custodian costs.

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*Asset Management Account through Charles Schwab (“Schwab”) Advisor Services and TD Ameritrade, Inc.*

Bundled or wrap program. You will pay a single fee. The fee will pay FNG’s advisory fee and any transaction costs incurred by FNG as a result of managing your account.

<b><u>Portfolio Value</u></b>	<b><u>Maximum Annual Fee</u></b>
\$100,000 - \$249,999	2.50%
\$250,000 - \$499,999	2.25%
\$500,000 - \$749,999	2.00%
\$750,000 - \$1,249,999	1.75%
\$1,250,000 - \$1,999,999	1.50%
\$2,000,000 - \$4,999,999	1.25%
\$5,000,000 +	Negotiable

In addition to the investment advisory fee, you will pay a proportionate share of mutual fund expenses, including the fee paid to the adviser of the mutual fund. Also, there may be account maintenance fees and custodial fees charged direct by the account custodian. FNG does not share in any portion of such fees and expenses. The custodians and broker/dealers suggested by FNG may have account maintenance fees and transaction costs that may be higher or lower than those fees and charges charged by other broker/dealers and custodians. Advisory Representatives will not receive 12b-1 compensation as a result of mutual fund transactions conducted through any other broker/dealer or custodian other than Royal Alliance.

Certain mutual funds can be conducted with no transaction fees. Therefore, there is an incentive for FNG to utilize funds for which the broker/dealer will not assess a transaction fee to FNG. Therefore, FNG’s account costs are reduced. The funds available with no transaction fees may vary from broker/dealer to broker/dealer. Further, funds purchased with no transaction fees will typically need to be held for 60 to 90 days to avoid any early redemption charges being assessed. If you are participating in FNG’s model account management, no consideration is given by the investment committee as to the funds that have no transaction fees when selecting funds for the models. The investment committee has no incentive to select funds with no transaction fees over another. Members of the investment committee selecting the funds will not have immediate knowledge of those funds that have no transaction fees. The securities selected in the model accounts are selected based on performance among their peers.

### Third Party Management Programs

#### *The Genworth Financial Wealth Management Platform*

FNG negotiates and contracts with you for an overall Advisory Fee as your fee for participation in the GFWM Platform. The GFWM Platform Fee, included as part of the overall Advisory Fee paid to FNG, will be paid by FNG to GFWM and others. Fees are payable quarterly, in advance, based on assets under management. FNG’s advisory is based on the following fee schedule. You may terminate GFWM accounts at any time and receive a full pro-rata refund of any unearned fees.

<b><u>Portfolio Value</u></b>	<b><u>Maximum Annual Fee</u></b>
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\$100,000 - \$1,000,000	2.50%
\$1,000,001 +	Negotiable

You should refer to the GFWM Schedule H Brochure for complete information regarding the GFWM Platform including details about all Platform-related fees.

### SEI Asset Allocation Program - Closed to New Clients

Advisory fees for participation in the SEI Program will be paid on a calendar quarterly basis in arrears based upon the value of the account on the last business day of the calendar quarter. Advisory fees are negotiable and are not based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds. In the event the account is opened on a day other than the first day of the calendar quarter or closed on a day other than the last day of the calendar quarter, advisory fees will be prorated based on the number of days in the calendar quarter during which the Account was open. If the Account was opened during the last ten (10) days of the calendar quarter, the advisory fee for the prorated number of days for which the Account was opened will be charged at the end of the next full calendar quarter. Additional deposits to the Account will be subject to the same billing procedures. Advisory fees are in accordance with the fee schedule below:

<u>Portfolio Value</u>	<u>Maximum Annual Fee</u>
\$100,000 - \$1,000,000	2.50%
\$1,000,001 +	Negotiable

In addition to the advisory fees above, you may incur charges imposed by SEI in connection with investments made through the SEI Program such as SEI fund management fees, administrative servicing fees, SEI account maintenance fees, and other fees charged by SEI or the custodian for any IRA or qualified retirement account. Information regarding charges and fees assessed by SEI is further disclosed in the SEI Fund prospectus and in the SEI Client Agreement.

### *Other Third Party Advisory Services*

Compensation in connection with Third-Party Advisory Services generally consists of five elements: i) management and advisory fees shared by Third-Party Advisory Services, FNG, and its investment Advisory Representatives; ii) transaction costs – if applicable – which may be paid to purchase and sell such securities; iii) custody fees; iv) revenue sharing compensation paid to Royal Alliance Associates, Inc. (“Royal Alliance”) the securities broker/dealer to which members of FNG are associated with; and v) fees paid to Royal Alliance for administrative and supervisory services. In connection with some Third-Party Advisory Services, fees for investment advisory services and brokerage execution are wrapped together as a single fee.

Please note that a complete description of the fees and charges associated with any of these arrangements is available via the applicable Third-Party Advisory Service’s disclosure brochures, investment advisory contracts and account opening documents.



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FNG's portion of the management and advisory fees referenced above may be negotiated based on assets under management, the type of services requested and other factors that FNG deems relevant to its provision of the advisory services related to the program. However, you should be aware that Third-Party Advisory Services may not be willing to negotiate their share of referenced fees, and FNG is not authorized to negotiate a Third-Party Advisory Service's fees.

### FTJ FundChoice

The maximum fee you could pay is 2%. Fees are negotiable. Of the fee you pay to FTJ FundChoice, 0.30% to 0.40% will be retained by FTJ FundChoice and the balance remitted to FNG. Therefore, FNG's fee will range from 1.6% to 1.7%. If FNG selects FTJ FundChoice's managers, FNG will receive a lower fee.

Fees are invoiced and collected by FTJ FundChoice. You should read the disclosure brochure to the program thoroughly prior to using the program.

### Termination Provisions

You may terminate investment advisory services obtained from FNG, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with FNG. You will be responsible for any fees and charges incurred from third parties as a result of maintaining the Account such as transaction fees for any securities transactions executed and Account maintenance or custodial fees. Thereafter, you may terminate investment advisory services with 30-days written notice to FNG. Should you terminate investment advisory services during three month period, you will be issued a pro-rated refund of the advisory fee from the date of termination to the end of the three month period.

### **Financial Planning, Investment Consulting and Asset Allocation Services For External Pension, Profit Sharing, 401k and 403b Plan Asset**

You are advised fees for planning services are strictly for planning services. Therefore, you may pay fees and/or commissions for additional services obtained such as asset management or products purchased such as securities or insurance.

Fees are negotiable. Your fees will be dependent on several factors including time spent with FNG, number of meetings, complexity of your situation, amount of research, services requested and staff resources. Additionally, each Advisory Representative will determine his/her fee schedule based on one of the fee schedules below and will negotiate the fee independently with each client. Therefore, the fees you pay may be higher or lower than another client receiving similar services from another Advisory Representative.

FNG will work with you to determine a payment schedule that works best for you.

<b>Fee Type</b>	<b>Maximum Fee</b>	<b>Payable</b>
Fixed Fee	\$1,000 to \$5,000	Payable one-half (1/2) upon execution of the advisory agreement with FNG and the balance due at the time of presentation of the plan, unless otherwise negotiated.
Hourly Fee	\$125 to \$375 per hour	Payable at the end of each month based upon time spent by FNG.

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Retainer Fee	Up to \$100,000 annually	Retainer fees are typically charged to high net worth and multimillion dollar clients with multiple complex financial issues. Fees will be based on several factors including but not limited to the complexity of the situation, number of issues involved, number of meetings, area of planning and consulting, reporting, etc. A payment schedule will be negotiated and determined for each client. Generally, a portion of the fee will be invoiced on a quarterly basis.  One-half (1/2) of the fee due upon execution of the advisory agreement. You will not pay more than \$500 and six or more months in advance. The balance of the fee will be paid as negotiated and agreed upon by you and your Advisory Representative.
Percentage Fee	1% of net worth	Quarterly (i.e. ¼ of the fee due each calendar quarter) in arrears or in advance of the quarter as negotiated and agreed upon by you.

Should you implement the financial plan or investment consulting services through your Advisory Representative, advisory fees may be offset against commissions earned by your Advisory Representative. You are under no obligation to implement recommendations through FNG Advisory Representatives.

FNG has agreed to provide a financial plan to you at no additional cost if you make a donation to Simply Money Foundation, a foundation set up by affiliated persons of FNG or directly to any of the charities supported by Simply Money Foundation.

### **Termination Provisions**

You may terminate advisory services obtained from FNG, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with FNG. Thereafter, you may terminate the agreement at any time upon FNG's receipt of your written notice to terminate.

1. Refunds of prepaid hourly and fixed fees will be determined based on time spent by FNG multiplied by FNG's hourly rate.
2. Final quarterly fees will be determined based on the number of days remaining in the calendar quarter.

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

This section is not applicable to FNG since FNG does not charge performance based fees.

### **Item 7 - Types of Clients**

FNG's services are geared toward individuals both high net worth (i.e. clients with a net worth of \$1,500,000) and other than high net worth. Additionally, FNG offers its services to banks or thrift

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institutions, pension and profit sharing plans, trusts, estates and/or charitable organization and business entities.

### Minimum account size guidelines:

Asset Management Services	\$50,000. Under certain circumstances, FNG may waive the minimum account size requirement and accept accounts less than \$50,000. Such circumstances may include but not be limited to additional assets will soon be deposited or you have other accounts under management with FNG.
Model Program	Depends on the Program Manager employed and is as follows: LWI Russell and Russell Tax-Managed - \$25,000; LWI - DFA Funds, \$50,000. The account minimum may be waived in the sole discretion of Program Sponsor.
Genworth Financial Wealth Management	Depends upon the Investment Solution chosen for a client's account. Generally \$50,000 for Mutual Fund and Variable Annuity accounts and \$100,000 for ETF Accounts and from \$50,000 to \$500,000 for Privately Managed and Unified Managed Accounts
SEI Asset Allocation Program - <i>Closed to new clients</i>	Minimum account size for tax managed program \$150,000 and \$100,000 for the asset managed program.
Other Third Party Advisory Services	Set by the third party manager. You will need to refer to the third party manager's disclosure brochure.

You are advised performance may suffer due to difficulties with diversifying smaller accounts and due to risk controls potentially being compromised. Performance of smaller accounts may vary from the performance of accounts with more dollars invested due to fluctuations in the market may affect smaller accounts more and the effects of compounding may be greater in larger accounts.

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

FNG conducts economic analysis and attempts to analyze and determine the trends. Additionally, FNG conducts fundamental analysis. Fundamental analysis generally involves assessing a company's or security's value based on factors such as sales, assets, markets, management, products and services, earnings, and financial structure.

FNG will conduct technical market analysis and technical trend following. Technical analysis generally involves studying trends and movements in a security's price, trading volume, and other market-related factors in an attempt to discern patterns.

If you are participating in FNG's model account management, FNG will make strategic/tactical changes based on market conditions. Accounts are actively managed. FNG is constantly monitoring market trends, economic conditions, global economics and world events. Accounts are at a minimum rebalanced once or twice a year. However, depending on market and economic conditions account allocations may be adjusted as frequently as monthly or more often. The determination to adjust

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allocations is determined by FNG based on the aforementioned factors. Cash balances are determined by your liquidity needs as well as market conditions.

FNG offers model managed accounts consisting of exchange traded funds (ETFs). FNG utilizes the investment research provided by Sage Advisors Services, Ltd (“Sage”). FNG engages Sage to design the model ETF portfolios. However, FNG may alter and revise the model portfolios.

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

FNG primarily uses mutual funds and exchange traded funds (ETFs). The risks with mutual funds include the costs and expenses within the fund that can impact performance, change of managers, and fund straying from its objective. Open ended mutual funds do not typically have a liquidity issue and the price does not fluctuate throughout the trading day. ETFs are directly affected by the market and prices will fluctuate throughout the trading day and there may be limitations on trading depending on the market.

You are advised investing in securities involves risk of loss, including the potential loss of principal. Therefore, your participation in any of the management programs offered by FNG will require you to prepare to bear the risk of loss and fluctuating performance.

FNG may aggregate (“bunch”) transactions in the same security on behalf of more than one client in an effort to strive for best execution and to possibly reduce the price per share and/or other costs to clients. However, aggregated or bunched orders will not reduce the transaction costs to participating clients. FNG conducts aggregated transactions in a manner designed to ensure that no participating client is favored over another client. Participating clients will obtain the average share price per share for the security executed that day. To the extent the aggregated order is not filled in its entirety and when possible, securities purchased or sold in an aggregated transaction will be allocated pro-rate to the participating client accounts in proportion to the size of the orders placed for each account. Under certain circumstances, the amount of securities maybe increased or decreased to avoid holding odd-lot or a small number of shares for particular clients

### **Item 9 - Disciplinary Information**

There is no reportable disciplinary information required for FNG or its advisory representative.

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

As previously stated, Advisory Representatives are dually registered as advisory representatives of FNG and as a registered representative of Royal Alliance Associates, Inc. You are under no obligation

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to purchase or sell securities through Advisory Representatives. However, if you choose to implement recommendations, commissions may be earned in addition to any fees paid for advisory services. Commissions may be higher or lower at Royal Alliance than at other broker/dealers.

Royal Alliance will require and furnish certain account opening documentation to be completed by you and your Advisory Representatives. Once all such materials and forms have been completed by you in consultation with your Advisory Representatives, the Advisory Representative is required to submit these materials and forms to Royal Alliance for its review and approval, in its capacity as the Broker/Dealer of record. Such review does not include the provision of investment advisory services to the FNG's client accounts. In certain instances, Royal Alliance will collect, as paying agent for the FNG, the investment advisory fee due the FNG from the account custodian. Royal Alliance will retain a portion as an administrative charge to the FNG (not you) for the functions Royal Alliance is required to carry out by the FINRA. Royal Alliance does not provide investment advisory services in connection with such programs.

Advisory Representatives may have a conflict of interest in having you purchase securities and/or insurance related products through Royal Alliance in that the higher their production with Royal Alliance the greater potential for obtaining a higher pay-out on commissions earned.

Under the rules and regulations of the FINRA, Royal Alliance has an obligation to perform certain supervisory functions regarding certain activities engaged in by Advisory Representatives who are also registered representatives of Royal Alliance. For such supervisory functions, FNG may pay Royal Alliance a portion of the advisory fees they receive. Royal Alliance and FNG are not affiliated.

Advisory Representatives are licensed with various insurance companies. Commissions will be earned if the insurance products are purchased through him/her. You are under no obligation to purchase insurance products or services through your Advisory Representative.

FNG attempts to mitigate the conflicts of interest with the potential receipt of commissions if recommendations are implemented by providing you with these disclosures. Further, you are encouraged to consult other professionals and may implement recommendations through other financial professionals. Furthermore, as a registered representative with Royal Alliance, Advisory Representatives are subject to a supervisory structure at Royal Alliance for their securities business.

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

FNG and its associated persons may buy or sell securities identical to those securities recommended to you. Therefore, FNG and/or its associated persons may have an interest or position in certain securities that are also recommended and bought or sold to you. FNG and its associated persons will not put their interests before your interests. FNG and its associated persons may not trade ahead of you or trade in such a way to obtain a better price for them than for you.

FNG is required to maintain a list of all securities holdings for its associated persons and develop procedures to supervise the trading activities of associated persons who have knowledge of client

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transactions and their related family accounts at least quarterly. Further, associated persons are prohibited from trading on non-public information or sharing such information.

You have the right to decline any investment recommendation. FNG and its associated persons are required to conduct their securities and investment advisory business in accordance with all applicable Federal and State securities regulations.

FNG has established the following restrictions in order to ensure its fiduciary responsibilities:

- 1) Advisory Representatives shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her affiliation with the FNG or Royal Alliance, unless the information is also available to the investing public on reasonable inquiry. No person shall prefer his or her own interest to that of the advisory client. (1) (2)
- 2) All clients are fully informed that certain individuals may receive separate compensation when effecting transactions during the implementation process.
- 3) FNG emphasizes the unrestricted right of the client to decline to implement any advice rendered, except in situations where a Third Party Advisory Service is granted discretionary authority in the client's account.
- 4) FNG requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- 5) Any individual not in observance of the above may be subject to termination.

### **Footnotes**

- (1) This investment policy has been established recognizing that some securities being considered for purchase and sale on behalf of the FNG's client's trade in sufficiently broad markets to permit transactions by clients to be completed without an appreciable impact on the markets of the securities. Under certain circumstances, exceptions may be made to the policies stated above. Records of these trades, including the reasons for the exceptions, will be maintained with the FNG's records in the manner set forth above.
- (2) Open-end mutual funds and/or the investment sub-accounts which may comprise a variable insurance product are purchased or redeemed at a fixed net asset value price per share specific to the date of purchase or redemption. As such, transactions in mutual funds and/or variable insurance products by Advisory Representatives are not likely to have an impact on the prices of the fund shares in which clients invest, and are therefore not prohibited by the FNG's Investment policies and procedures.

In accordance with Section 20A of the Investment Advisers Act of 1940, the FNG also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the FNG or any person associated with the FNG.

### **Code of Ethics**

FNG has a fiduciary duty to act in the best interest of you and always place your interests first and foremost. FNG takes seriously its compliance and regulatory obligations and requires all staff to

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comply with such rules and regulations as well as FNG's policies and procedures. Further, FNG strives to handle your 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 you with FNG's Privacy Policy. As such, FNG maintains a code of ethics for its Advisory Representatives, 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, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about client transactions. Further, FNG's Code of Ethics establishes FNG's expectation for business conduct. A copy of our Code of Ethics will be provided to you upon request.

### **Item 12 - Brokerage Practices**

As previously stated, Advisory Representatives are registered representative of Royal Alliance. As a result, they are subject to FINRA Conduct Rule 3040 which may restrict such them from conducting securities transactions away from Royal Alliance unless Royal Alliance provides them with written authorization. Advisory Representatives have obtained approval to offer you the ability to maintain accounts through Royal Alliance at its clearing firm or through Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a registered broker/dealer, member SIPC and TD Ameritrade Institutional, Division of TD Ameritrade, Inc., member FINRA/SIPC/NFA. TD Ameritrade is a trademark jointly owned by TD Ameritrade IP Company, Inc. and the Toronto-Dominion Bank. © 2010 TD Ameritrade IP Company, Inc. All rights reserved. Used with permission. Advisory Representatives will be able to assist you with transactions through Schwab and TD Ameritrade.

FNG may recommend you establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. ("Schwab"), member FINRA/SIPC to maintain custody of you assets and to effect trades for your accounts.

Additionally, FNG participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC/NFA. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisers services which include custody of securities, trade execution, clearance and settlement of transactions. FNG receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure below.)

FNG is independently owned and operated and not affiliated with Schwab or TD Ameritrade. Schwab and TD Ameritrade provide FNG with access to its institutional trading and custody services, which are typically not available to Schwab and TD Ameritrade retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge so long as a total of at least \$10 million of FNG's clients' assets is maintained in accounts at Schwab Institutional. TD Ameritrade may have similar requirements. There is no other contingent upon FNG committing to Schwab and TD Ameritrade any specific amount of business (assets in custody or trading). Schwab's services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

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Schwab and TD Ameritrade generally do not charge separately for custody but are compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab and TD Ameritrade or that settle into Schwab and TD Ameritrade accounts. Factors considered in selecting Royal Alliance, Schwab and TD Ameritrade include their extensive financial strength, reputation, reporting, and execution pricing and research. Royal Alliance, Schwab and TD Ameritrade also make available to you a broad array of non-load, no transaction or low transaction cost mutual funds. You are advised account maintenance fees and transaction charges may be higher or lower at Royal Alliance, Schwab and TD Ameritrade than at other broker/dealers offering similar services.

You are advised that not all investment advisers require you to maintain accounts at a specific broker/dealer. You are advised you may maintain accounts at another broker/dealer. However, the services provided by FNG will be limited to only advice and will not include implementation. If you select another brokerage firm for custodial and/or brokerage services you will not be able to receive asset management services from FNG.

In initially selecting Royal Alliance, TD Ameritrade and Schwab, FNG considers a number of factors in selecting brokers and custodians to you. These factors include, but are not limited to, execution capability, financial stability, quality of services, ability to service you, staying power as a company, industry reputation, ability to report to you, trading platform, products and services available, technology resources, and educational resources.

Periodically, FNG will review alternative broker/dealers and custodians in the marketplace to ensure Royal Alliance, TD Ameritrade and Schwab are meeting FNG's duty to provide best execution. The review will include a comparison to Royal Alliance, TD Ameritrade and Schwab which involve evaluating criteria such as overall expertise, cost competitiveness and financial condition. The quality of execution by Royal Alliance, TD Ameritrade and Schwab will be reviewed through trade journal evaluations. However, best execution does not simply mean the lowest transaction cost. Therefore, no single criteria will validate nor invalidate a custodian, but rather, all criteria taken together will be used in evaluating the currently utilized custodian.

Additionally, product sponsors such as variable and investment companies and limited partnerships which may be recommended to you may provide support to FNG and its Advisory Representatives. Such support includes research, educational information, and monetary support for due diligence trips and client events.

You are advised there is an incentive for FNG and its Advisory Representatives to recommend a broker/dealer over another based on the products and services that will be received rather than your best interest.

### Schwab

Schwab provides FNG with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge so long as a total of at least \$10 million of FNG's clients' assets is maintained in accounts at Schwab Institutional. However, Schwab has made



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an exception for FNG and has not required a minimum asset level to be maintained. There is no other contingent upon FNG committing to Schwab any specific amount of business (assets in custody or trading). Schwab's services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For FNG's clients' accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab makes available to FNG other products and services that benefit FNG but may not directly benefit you. Some of these other products and services assist FNG in managing and administering your accounts. These include software and other technology that provide access to your account data, such as trade confirmation and account statements; facilitate trade execution and allocation of aggregated trade orders for multiple accounts; provide research, pricing information and other marked data; facilitate payment of FNG's fees from your accounts; and assist with back-office functions, recordkeeping and reporting. Many of these services generally may be used to service all or a substantial number of FNG's accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional also makes available to FNG other services intended to help FNG manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services rendered to FNG by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to FNG. While as a fiduciary, FNG endeavors to act in your best interests, and FNG's recommendation that you maintain assets in accounts at Schwab may be based in part on the benefit to FNG of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab which may create a potential conflict of interest.

From time-to-time Advisor may make an error in submitting a trade order on your behalf. When this occurs, Advisor may place a correcting trade with the broker-dealer which has custody of your account. If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain, it is not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g., due to tax reasons). If the gain does not remain in your account and Charles Schwab & Co. Inc. ("Schwab") is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, Advisor will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in your account, they may be netted.

### TD Ameritrade

As stated above, FNG participates in TD Ameritrade's institutional customer program and FNG may recommend TD Ameritrade to you for custody and brokerage services. There is no direct link between FNG's participation in the program and the investment advice it gives to you, although FNG receives

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economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving FNG participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit FNG but may not directly benefit its client accounts. These products or services may assist FNG in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help FNG manage and further develop its business enterprise. The benefits received by FNG or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, FNG endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by FNG or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the FNG's choice of TD Ameritrade for custody and brokerage services.

In selecting TD Ameritrade Institutional ("TD Ameritrade") as the broker and custodian for certain of its current and future client accounts, FNG takes into consideration its arrangement with TD Ameritrade as to obtaining price discounts for TD Ameritrade's automatic portfolio rebalancing service for advisors known as "iRebal".

The standard iRebal annual license fee applicable to FNG is \$26,000. That fee is subject to specified reductions (and even complete waiver) if specified amounts of client taxable assets are either already on the TD Ameritrade platform or are committed to be placed on it. Specified taxable client assets either maintained on or committed to the TD Ameritrade platform will bring fee reductions of up to \$26,000 per year for each of as many as three years or more

The non-taxable assets excluded from the maintenance and commitment levels described above are those that constitute "plan assets" of plans subject to Title 1 of the Employee Retirement Income Security Act of 1974, amended, or of plans as defined in Section 4975 of the Internal Revenue Code (which include IRAs).

If FNG does not maintain the relevant level of assets on the TD Ameritrade platform, FNG may be required to make a penalty fee payment to TD Ameritrade calculated on the basis of the shortfall.

Although FNG believes that the products and services offered by TD Ameritrade are competitive in the market place for similar services offered by other broker/dealers or custodians, the arrangement with TD Ameritrade as to the iRebal service may affect FNG's independent judgment in selecting or maintaining TD Ameritrade as the broker or custodian for your accounts.

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Furthermore, there is an incentive for FNG to recommend TD Ameritrade over Royal Alliance or Schwab since the transactional costs and cost of conducting business are less than those costs assessed by other broker/dealers. Therefore, FNG will retain a larger portion of the advisory fee. However, the selection of TD Ameritrade is not solely based on lower costs to FNG.

### **Royal Alliance**

Royal Alliance has a wide range of approved securities products for which Royal Alliance performs due diligence prior to selection. FNG's registered representatives are required to adhere to these products when implementing securities transactions through Royal Alliance. Commissions charged for these products may be higher or lower than commissions you may be able to obtain if transactions were implemented through another broker/dealer. Royal Alliance also provides Advisory Representatives, and therefore FNG, with back-office operational, technology, and other administrative support. Other services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. Such services are intended to help Advisory Representatives and FNG manage and further develop its business enterprise.

Royal Alliance and its clearing broker/dealer, Pershing, LLC also make available to FNG other products and services that benefit FNG but may not directly benefit you. Some of these other products and services assist FNG with managing and administering your accounts. These include software and other technology that provide access to your account data (such as trade confirmation and account statements); facilitate trade execution; provide research, pricing information and other market data; facilitate payment of FNG's fees from your accounts; and assist with back-office functions; recordkeeping and reporting. Many of these services generally may be used to service all or a substantial number of FNG's accounts, including accounts not held through Royal Alliance.

Advisory Representatives as Registered Representatives may receive trail commissions (i.e. 12b-1 fees) for a period of time as a result of directing securities transactions through Royal Alliance. Load and no-load mutual funds may pay annual distribution charges, sometimes referred to as 12b-1 fees. 12b-1 fees come from fund assets, therefore, indirectly from your assets. 12b-1 fees may be initially paid to Royal Alliance and a portion passed to the Advisory Representative. The receipt of such fees could represent an incentive for Advisory Representatives to recommend funds with 12b-1 fees over funds that have no fees or lower fees. As a result, there is a potential conflict of interest. If you have a qualified account (i.e. IRA, 401k, 403b, Roth IRA, Simple IRA, 457, etc.), 12b-1 fees received by Royal Alliance will be refunded to your account. 12b-1 fees on qualified accounts will not be retained by Royal Alliance or paid to your Advisory Representative.

### **Genworth Financial Wealth Management Platform**

With respect to the GFWM Platform, FNG may, subject to negotiation with GFWM, receive certain allowances, reimbursements or services from GFWM in connection with FNG's investment advisory services to you, as described below and in the Schedule H Platform Disclosure Brochure.

Under GFWM's Gold/Platinum Premier Consultant Program, FNG is entitled to receive a quarterly business development allowance for reimbursement for qualified marketing/practice management

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expenses incurred by FNG. These amounts range from \$5,000 to \$105,000 annually, depending on the amount of assets managed within the Platform.

GFWM may also bear the cost of airfare for firms such as FNG to attend GFWM's annual conference or to conduct due diligence visits to GFWM's offices. In addition, GFWM may, from time to time, contribute to the costs incurred by participating firms such as FNG in connection with conferences or other client events conducted by such firms and their representatives.

GFWM may also provide opportunities for participating firms such as FNG to receive fee reductions and/or allowances in amounts ranging from .02% to .07% of the amount of client assets invested through the Platform. These arrangements are entered into between GFWM and a firm such as FNG on an individually negotiated basis. FNG may agree to provide GFWM with introductions to and information concerning its advisory representatives, provide the representatives with information concerning GFWM's Platform and products, and permit GFWM to participate in broker dealer meetings and workshops. In addition to the fee reductions and/or allowances granted the firm by GFWM, GFWM may agree to provide the firm or its representatives with organizational consulting, education, training and marketing support.

### **Item 13 - Review of Accounts**

#### Asset Management Services and Third Party Management Programs

Reviews will be performed not less than at least annually or as agreed to between you and your Advisory Representative. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. Advisory Representatives will monitor for changes or shifts in the economy, changes to the management and structure of a mutual fund or company in which your assets are invested, and market shifts and corrections.

You are advised you must notify your Advisory Representative promptly of any changes to your financial goals, objectives or financial situation as such changes may require a review of your portfolio allocation and potential changes.

You will be provided statements at least quarterly direct from the account custodian. Additionally, you will receive confirmations of all transactions occurring direct from the account custodian. You are advised broker/dealers and custodians may assess a fee for paper statements and confirmations. Some broker/dealers and custodians offer you the option to suppress confirmations and receive confirmations and statements electronically. If you elect to suppress confirmations, you will not receive confirmations on each transaction and will need to consult your quarterly statement for account activity.

#### Financial Planning, Investment Consulting and Asset Allocation for External Pension, Profit Sharing, 401k and 403b Plans

You will receive reviews as determined and agreed to between you and your Advisory Representative. FNG recommends you have at least an annual review and update your plan. The time and frequency of reviews are solely up to you and your Advisory Representative. You will be charged review fees based on the fee schedule disclosed under the program. Other than the initial plan or analysis, there will be no other reports issued.

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

Product vendors recommended by FNG may provide monetary and non-monetary assistance with client events, provide educational tools and resources. FNG does not select products as a result of any monetary or non-monetary assistance. The selection of product is first and foremost. FNG's due diligence of a product does not take into consideration any assistance it may receive. Therefore, this is not considered a conflict of interest but a benefit for you and FNG.

FNG has arrangements with financial institutions such as credit unions to pay a referral fee to the financial institution's employees for referring a client to FNG. The referral fee is generally paid to the employee regardless of whether or not the client participates in any service offered by FNG or purchases any products offered by FNG and/or its Advisory Representatives. Further the referral fee is no way based on compensation received by FNG or its Advisory Representatives or based in any way on the value of the client or connected in any way to any product or service in which the client may participate. The referral fee is a fixed dollar amount paid generally if the client makes contact with an Advisory Representative or keeps an appointment with an Advisory Representative.

Further, FNG has agreed to pay the financial institution up to 35% of the compensation FNG receives for referrals of clients and for use of space in the financial institution and other administrative services FNG may receive from the financial institution while on premise and meeting with clients or a monthly fee. The amount of compensation paid to the financial institution may be based on a schedule and based on the total gross business referred by the financial institution to FNG. Therefore, the financial institution may be paid more compensation as a result of more assets being referred to FNG. Clients referred by the financial institutions to FNG will not pay a higher or lower fee as a result of the referral or compensation paid to the financial institution.

Additionally, FNG may enter into arrangements with individuals ("Solicitor") whereby the Solicitor will refer clients who may be a candidate for investment advisory services to FNG. In return, FNG will agree to compensate the Solicitor for the referral. Compensation to the Solicitor is dependent on the client entering into an advisory agreement with FNG for advisory services. Compensation to solicitor will be an agreed upon percentage of FNG's advisory fee. FNG's referral program is in compliance with the federal regulations as set out in 17 CFR Section 275.206(4)-3. The solicitation/referral fee is paid pursuant to a written agreement retained by both FNG and the solicitor. The Solicitor will be required to provide the client with a copy of FNG's Form ADV Part II or a Disclosure Brochure containing the same information and a Solicitor Disclosure brochure prior to or at the time of entering into any investment advisory contract with FNG. Solicitor is not permitted to offer clients any investment advice on behalf of FNG. Clients' advisory fee will not be increased as a result of compensation being shared with Solicitor.

FNG's Advisory Representatives who manage accounts consist of a combination of employees of FNG and independent contractors. Advisory Representatives who are independent contractors have a direct interest in the advisory fee charged to you since the Advisory Representative will receive a portion of the advisory fee you pay to FNG. Each Advisory Representative who is an independent contractor has entered into a contract with FNG to utilize FNG's advisory programs. FNG negotiates

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a payout with each Advisory Representative which is determined based on several factors including but not limited to production, experience, services they may provide to FNG and relationship with FNG. The payout FNG negotiates with each independent contractor Advisory Representative is not solely based on the Advisory Representative's assets under management and does not fluctuate with the amount of assets managed by the Advisory Representative. FNG retains up to 50% of the fee and up to 90% of the fee is paid to your Advisory Representative, depending on the Advisory Representative's agreement. You are advised this is considered a conflict of interest since independent contractor Advisory Representatives have a direct interest in the advisory fee you pay to FNG.

### **Item 15 - Custody**

With the exception of deduction of FNG's advisory fees from your accounts, FNG does not take custody of your funds or securities.

### **Item 16 - Investment Discretion**

You may grant FNG authorization to manage your account on a discretionary basis. You will grant such authority to FNG by execution of the client agreement. You may terminate discretionary authorization at any time upon receipt of written notice by FNG.

Additionally, you are advised that:

- 1) You may set parameters with respect to when account should be rebalanced and set trading restrictions or limitations;
- 2) Your written consent is required to establish any mutual fund, variable annuity, or brokerage account;
- 3) FNG requires the use of the broker/dealer with which Advisory Representatives are registered for sales in commissionable mutual funds or variable annuities, if you elect to implement recommendations through your Representative;
- 4) With the exception of deduction of FNG's advisory fees from the account, if you have authorized automatic deductions, FNG will not have the ability to withdraw your funds or securities from the account.

### **Genworth Financial Wealth Management Platform**

FNG does not take any independent discretionary authority over your accounts. FNG does, however, offer you participation in the GFWM Platform, an asset allocation Platform more fully described in the Schedule H- Platform Disclosure Brochure attached hereto. Asset allocations composed by a group of independent investment strategists ("Portfolio Strategists") are offered under the Platform, with the different model allocations designed to satisfy a gradient of risk/return objectives. The Portfolio Strategists have no direct relationship with FNG or you, make no analysis of and do not consider your individual circumstances or objectives, and do not tailor the model asset allocation to any specific needs, circumstances or objectives, but only to the stated risk/return objectives.

FNG assists you in selecting the risk/return objective and Portfolio Strategist that best suit you and your objectives. You specifically direct the account to be invested in accordance with the chosen asset allocation. When you select the asset allocation, you further direct that the account be automatically

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adjusted to reflect any adjustment in the asset allocation by the selected Portfolio Strategist. This client authorization results in the purchase and sale of certain mutual funds or ETFs (or transfers between variable annuity sub-accounts) without further authorization by you or any other party at such time as the Portfolio Strategist changes the composition of the selected model asset allocation.

You receive confirmation of all transactions in the account and are free to terminate participation in the Platform and retain or dispose of any assets in the account at any time. FNG has no authority to cause any purchase or sale of securities in any account, or change the selected model asset allocation or to direct the account to be invested in any manner other than as previously authorized by you.

### **Item 17 - Voting Client Securities**

FNG does not vote clients' securities.

### **Item 18 - Financial Information**

FNG will not require you to prepay more than \$1,200 and six or more months in advance of receiving the advisory service.

### **Item 19 - Requirements for State Registered Advisers**

This section is not applicable to FNG. FNG is not state registered. FNG is registered with the Securities and Exchange Commission.