

PART 2A-APPENDIX 1

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This wrap fee program 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. 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.

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.

Item 2 Material Changes

There have been no material changes to this Brochure since The Financial Network Group, Ltd.'s initial Brochure on March 31, 2011.

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Item 4 Services, Fees and Compensation

A. INVESTMENT ADVISORY SERVICES

The client can determine to engage FNG to provide discretionary investment advisory services on a wrap *fee* basis. (*See* discussion below). If a client determines to engage FNG on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each client's particular need.

THE FINANCIAL NETWORK GROUP, LTD. WRAP PROGRAM

FNG is the sponsor and investment manager of The Financial Network Group, Ltd. Wrap Program (hereinafter the "Program"). Under the Program, FNG is able to offer participants discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual Program fee ranges from negotiable to 2.50%, depending upon the amount and type of the Program assets.

Under the Program, FNG shall be provided with written authority to determine which securities and the amounts of securities that are bought or sold. Any limitations on this discretionary authority shall be included in the written agreement between each client and FNG. Clients may change/amend these limitations, in writing, at any time. The client shall have reasonable access to one of FNG's investment professionals to discuss their account.

Charles Schwab & Co., ("*Schwab*") and/or TD Ameritrade ("*Ameritrade*") shall serve as the custodian for Program accounts.

Fee Calculation: The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client, pursuant to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (hereinafter the "Act").

Fee Payment: Clients will be charged in advance at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account at the end of the previous quarter. Fees are prorated for accounts opened during the quarter. An additional fee for the current quarter will be assessed if assets are deposited after the beginning of the quarter, prorated based on the number of calendar days remaining in the quarter during which the service will be in effect. No portion of the fee will be credited to the client for the current calendar quarter should any withdrawals from the portfolio occur in the same calendar quarter.

Termination of Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of prior written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and

any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five (5) business days after entering into the agreement.

MISCELLANEOUS

Client Responsibilities: In performing any of its services, FNG shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Furthermore, unless the client indicates to the contrary in the client's Investment Objective Confirmation letter, FNG shall assume that there are no restrictions on its services, other than to manage the account in accordance with the client's designated investment objective. **Moreover, it remains each client's responsibility to promptly notify FNG if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising FNG's previous recommendations and/or services.**

Please Note: Investment Performance: As a condition to participating in the Program, the participant **must** accept that past performance may not be indicative of future results, and understand that the future performance of any specific investment or investment strategy (**including** the investments and/or investment strategies purchased and/or undertaken by FNG) **may not:** (1) achieve their intended objective; (2) be profitable; or, (3) equal historical performance level(s) or any other performance level(s).

- B. Participation in the Program may cost more or less than purchasing such services separately. Also the Program fee charged by FNG for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

Depending upon the percentage wrap-fee charged by FNG, the amount of portfolio activity in the client's account, and the value of custodial and other services provided, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately and/or if FNG were to negotiate transaction fees and seek best price and execution of transactions for the client's account.

- C. The Program's wrap fee does not include certain charges and administrative fees, including, but not limited to, transaction charges (including mark-ups and mark-downs) resulting from trades effected through or with a broker-dealer other than *Schwab* or *Ameritrade* (as the case may be), transfer taxes, odd lot differentials, exchange fees, interest charges, American Depository Receipt agency processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to client accounts. Such fees and expenses are in addition to the Program's wrap fee.
- D. FNG's related persons who recommend the Program to clients do not receive compensation as a result of a client's participation in the Program.

Item 5 Account Requirements and Types of Clients

FNG's clients shall generally include individuals, business entities, banks and thrift institutions, trusts, estates, and charitable organizations. FNG generally requires a \$50,000 minimum asset level for investment advisory services. FNG, in its sole discretion, may reduce its minimum asset requirement and/or charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). **Please Note:** Clients may make additions to the account or withdrawals from the account, provided the account continues to meet minimum account size requirements. For those clients that are participants in the Vision 2020 Advisor Program, additional assets deposited into a client 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 client 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.

Item 6 Portfolio Manager Selection and Evaluation

- A. FNG may allocate a portion of a client's Program assets among Program managers in accordance with the client's designated investment objective(s). In such situations, the Program managers shall have day-to-day responsibility for the active discretionary management of the allocated Program assets. FNG shall continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which FNG shall consider in recommending Program managers include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.
- B. FNG acts as the portfolio manager for the Program. Inasmuch as the execution costs for transactions effected in the client account will be paid by FNG, a potential conflict of interest arises in that FNG may have a disincentive to trade securities in the client account. In addition, the amount of compensation received by FNG as a result of the client's participation in the Program may be more than what FNG would receive if the client paid separately for investment advice, brokerage and other services.

As the Program sponsor, FNG shall be responsible for the primary management of the Program.

- C. As discussed below, FNG also offers to its clients discretionary and/or non-discretionary investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

ADVISORY BUSINESS SERVICES

Investment Advisory Services

The client can determine to engage FNG to provide discretionary and/or non-discretionary investment advisory services on a non-wrap *fee* basis. (*See* discussion below). If the client determines to engage FNG on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody).

Non-Wrap Fee Basis

The client can determine to engage FNG to provide discretionary and/or non-discretionary investment advisory services on a *fee* basis. FNG's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under FNG's management (between negotiable and 2.50%) as follows:

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

The Financial Network Group, Ltd. Wrap Program

FNG provides investment management services on a wrap fee basis in accordance with FNG's investment management wrap fee program (the "Program"). Under the Program, FNG is able to offer participants discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual Program fee ranges from negotiable to 2.50%, depending upon the amount and type of the Program assets. *Schwab* and/or *Ameritrade* shall serve as the custodian for Program accounts.

FNG manages client accounts, on a discretionary basis, guided by one or more management style portfolios as described below:

Mutual Fund Portfolios Objectives

Bond: Emphasis on generating a stable level of current income for clients requiring a maximum exposure to fixed income asset classes. Future capital appreciation is a secondary objective. Modest annual principal fluctuation is expected and acceptable. Portfolio will consist of an allocation across primarily fixed income fund positions with very limited equity and/or alternative investments. General Allocation: 95% fixed income; 5% equity and alternative investments. Types of Securities: mutual funds with limited use of exchange traded funds. Allocation subject to change at discretion of FNG dependent upon market conditions.

Conservative: Emphasis on generating a stable level of current income. Future capital appreciation is a secondary objective. Modest annual principal fluctuation is expected

and acceptable. Portfolio will consist of a determined allocation among equities, fixed income, and cash, with a primary emphasis on fixed income. General Allocation: 80% fixed income; 20% equity and alternative investments. Types of Securities: mutual funds with limited use of exchange traded funds. Allocation Subject to change at discretion of FNG dependent upon market conditions.

Moderately Conservative: Emphasis on both current income and future capital appreciation with a bias toward current income. Modest annual principal fluctuation is expected and acceptable. Portfolio will consist of a determined allocation among equities, fixed income, and cash, with a primary emphasis on fixed income. General Allocation: 65% fixed income; 35% equity and alternative investments. Types of Securities: mutual funds with limited use of exchange traded funds. Allocation Subject to change at discretion of FNG dependent upon market conditions.

Balanced: Emphasis on both current income and future capital appreciation. Principal risk and fluctuation is expected and acceptable over the intended investment time horizon (at least 5 years). Portfolio will consist of a determined allocation among equities, fixed income, and cash. General Allocation: 50% fixed income; 50% equity and alternative investments. Types of Securities: mutual funds with limited use of exchange traded funds. Allocation Subject to change at discretion of FNG dependent upon market conditions.

Moderately Aggressive: Emphasis on both current income and future capital appreciation with a bias toward capital appreciation. Principal risk and fluctuation is expected and acceptable over the intended time horizon. Portfolio will consist of a determined allocation among equities, fixed income, and cash, with a primary emphasis on equities, including private investment funds. General Allocation: 35% fixed income; 65% equity and alternative investments. Types of Securities: mutual funds with limited use of exchange traded funds. Allocation Subject to change at discretion of FNG dependent upon market conditions.

Aggressive: Emphasis on capital appreciation. Noticeable principal risk and fluctuation is expected and acceptable. Portfolio will consist of a determined allocation among equities, fixed income, and cash, with a primary emphasis on equities, including private investment funds. General Allocation: 20% fixed income; 80% equity and alternative investments. Types of Securities: mutual funds with limited use of exchange traded funds. Allocation Subject to change at discretion of FNG dependent upon market conditions.

Equity: Emphasis is entirely on future capital appreciation for clients requiring a maximum exposure to equity asset classes. Principal risk and fluctuation is expected and acceptable over the intended long-term investment time horizon (in excess of 5 years). Portfolio will consist of a determined allocation among equities, fixed income, and cash, with a primary emphasis on equities. General Allocation: 95% equity and alternative investment classes with limited exposure to fixed income classes. Types of Securities: mutual funds with limited use of exchange traded funds. Allocation Subject to change at discretion of FNG dependent upon market conditions.

ETF Portfolios Objectives

Core Plus Fixed Income Strategy

The Core Plus Fixed Income tactical ETF strategy seeks to provide excess yield and strong risk-adjusted investment returns relative to the Barclay's Aggregate Bond Index. The strategy will invest primarily in core fixed income and will tactically allocate between 0%-40% in non-core segments such as high yield, non-dollar, emerging market debt and preferred stocks. The tactical allocation decisions will be determined by the desired portfolio duration, yield curve management and opportunities in non-core market segments.

Multi-Asset Income Strategy

The Multi-Asset Income tractional ETF strategy seeks to provide income yields from both fixed and dividend paying equity asset classes. The strategy will invest primarily in core fixed income ETF positions as well as non-core fixed income such as high-yield, non-dollar, and emerging market debt combined with 10-30% in large-cap dividend paying equity ETF positions. The portfolio is managed consistent with the risk orientation of a conservative investor who seeks exposure to a conservative dividend income stream associated with large-cap, consistent dividend equities. Tactical allocation decisions will be determined by the desired portfolio duration, yield curve management, non-core fixed opportunities and the anticipated return balance of fixed versus dividend paying equity rates.

Conservative

The Conservative tactical ETF strategy is a global asset allocation portfolio that is managed consistent with the risk orientation of a conservative investor. The strategy will invest in the global fixed income, global equity and alternative market segments. Tactical allocation decisions will be applied on two levels, at the broad asset class level and within the various fixed income, equity and alternative market segments.

Moderate

The Moderate tactical ETF strategy is a global asset allocation portfolio that is managed consistent with the risk orientation of a moderate investor. The strategy will invest in the global fixed income, global equity and alternative market segments. Tactical allocation decisions will be applied on two levels, at the broad asset class level and within the various fixed income, equity and alternative market segments.

Moderate Growth

The Moderate Growth tactical ETF strategy is a global asset allocation portfolio that is managed consistent with the risk orientation of a moderate growth investor. The strategy will invest in the global fixed income, global equity and alternative market segments. Tactical allocation decisions will be applied on two levels, at the broad asset class level and within the various fixed income, equity and alternative market segments.

Growth

The Growth tactical ETF strategy is a global asset allocation portfolio that is managed consistent with the risk orientation of a growth investor. The strategy will invest in the global fixed income, global equity and alternative market segments. Tactical allocation decisions will be applied on two levels, at the broad asset class level and within the

various fixed income, equity and alternative market segments.

ACE Plus

The All Cap Equity Plus tactical ETF strategy seeks to provide strong risk-adjusted investment returns relative to the global equity market. The strategy will invest primarily in core domestic and international equity markets and will tactically allocate between 0%-40% in non-core segments such as emerging market equity, commodities, real estate and currencies.

FNG also manages client accounts, on a discretionary or limited discretionary basis, through the Programs set forth below:

WRAP/NON-WRAP FEE BASIS

VISION2020 WEALTH MANAGEMENT PLATFORM – ADVISOR MANAGED PORTFOLIOS PROGRAM

FNG provides discretionary and/or non-discretionary investment advisory services on a wrap or non-wrap fee basis through the Wealth Management Platform – Advisor Managed Portfolios Program (“Advisor Managed Portfolios”). Advisor Managed Portfolios provide comprehensive investment management of client assets through the application of asset allocation planning software as well as the provision of execution, clearing and custodial services through Pershing, LLC.

Advisor Managed Portfolios provides risk tolerance assessment, efficient frontier plotting, fund profiling and performance data, and portfolio optimization and re-balancing tools. Utilizing these tools, and based on client responses to a risk tolerance questionnaire and discussions that FNG has with the client regarding, among other things, investment objective, risk tolerance, investment time horizon, account restrictions, and overall financial situation, FNG constructs a portfolio of investments for the client. This portfolio may consist of mutual funds, exchange traded funds, equities, options, debt securities, variable life, variable annuity sub-accounts (certain restrictions may apply) and other investments. Each portfolio is designed to meet the client’s individual needs, stated goals and objectives.

If a client determines to engage FNG to provide investment management services on a wrap or non-wrap fee basis in accordance with the Advisor Managed Portfolios Program, the services offered under, and the corresponding terms and conditions pertaining to, the Advisor Managed Portfolios are discussed in the Advisor Managed Portfolios Brochure, a copy of which is presented to all Advisor Managed Portfolios Program participants. Under the Advisor Managed Portfolios Program, clients receive discretionary and/or non-discretionary investment management services. If services are provided on a wrap-fee basis, a single specified annual fee is charged, which is inclusive of trade execution, custody, reporting, and investment management fees. The current annual Advisor Managed Portfolios Program fee (on both a wrap and non-wrap fee basis) ranges from negotiable to 2.50%, depending upon the amount and type of Advisor Managed Portfolios Program assets.

Please Note: The Advisor Managed Portfolio Program is no longer being offered to new clients.

Financial Planning and Consulting Services

To the extent requested by a client, FNG *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. FNG's planning and consulting fees are negotiable, but generally range from \$1,000 to \$5,000 on a fixed fee basis, and from \$125 to \$375 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). For certain clients, FNG may be engaged for financial planning and consulting services on an annual retainer basis (with a maximum annual fee of \$100,000) or a percentage of net worth basis (with a maximum annual fee of 1.00%). Prior to engaging FNG to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with FNG setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to FNG commencing services. If requested by the client, FNG may recommend the services of other professionals for implementation purposes, including FNG's representatives in their individual capacities as registered representatives of a broker-dealer and/or licensed insurance agents. (*See* disclosure below). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from FNG. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify FNG if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising FNG's previous recommendations and/or services.

Retirement Consulting

FNG also provides non-discretionary pension consulting services, pursuant to which it assists sponsors of self-directed retirement plans with the selection and/or monitoring of investment alternatives (generally open-end mutual funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. In addition, to the extent requested by the plan sponsor, FNG shall also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts. The terms and conditions of the engagement shall generally be set forth in an agreement between FNG and the plan sponsor.

Miscellaneous Advisory Services Disclosure

Non-Investment Consulting/Implementation Services. If requested by the client, FNG may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither FNG, nor any of its representatives, serves as an attorney or accountant, and no portion of FNG's services should be construed as same. To the extent requested by a client, FNG may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including representatives of FNG in their separate registered and/or licensed capacities as discussed below. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from FNG. **Please Note:** If the client engages any such recommended

professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify FNG if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising FNG's previous recommendations and/or services.

Please Note: Non-Discretionary Service Limitations. Clients that determine to engage FNG on a non-discretionary investment advisory basis **must be willing to accept** that FNG cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, FNG will be unable to effect any account transactions (as it would for its discretionary clients) **without first obtaining the client's verbal consent.**

ByAllAccounts. FNG, in conjunction with the services provided by ByAllAccounts, Inc, may also provide periodic comprehensive reporting services which can incorporate all of the client's investment assets," including those investment assets that are not part of the assets managed by FNG (the "Excluded Assets"). **The client and/or his/her/its other advisors that maintain trading authority, and not FNG, shall be exclusively responsible for the investment performance of the Excluded Assets.** FNG's service relative to the Excluded Assets is limited to reporting and non-discretionary consulting services only, which does not include investment implementation. FNG does not have trading authority for the Excluded Assets. As such, to the extent applicable to the nature of the Excluded Assets (assets over which the client maintains trading authority vs. trading authority designated to another investment professional), the client (and/or the other investment professional), and not FNG, shall be exclusively responsible for directly implementing any recommendations relative to the Excluded Assets. FNG shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the client desires that FNG provide non-discretionary investment management services (whereby FNG would have trading authority) with respect to the Excluded Assets, the client may engage FNG to do so pursuant to the terms and conditions of the *Investment Advisory Agreement* between FNG and the client.

Disclosure Statement. A copy of FNG's written disclosure statement as set forth on Part 2A and/or Appendix 1 of Part 2A on Form ADV shall be provided to each client prior to or contemporaneously with the execution of the *Investment Advisory Agreement or Financial Planning Agreement and Consulting Agreement*.

FNG shall provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment adviser representative will discuss with each client, their particular investment objective(s). FNG shall allocate each client's investment assets consistent with their designated investment objective(s). Clients may, at anytime, impose restrictions, in writing, on FNG's services.

There is no material difference between how FNG manages wrap fee accounts and non-wrap fee accounts. However, as stated above, if a client determines to engage FNG on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each client's particular need. If the client determines to engage FNG on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody). **Please note:** When managing a client's account on a wrap fee basis, FNG shall receive as payment for its

investment advisory services, the balance of the wrap fee after all other costs incorporated into the wrap fee have been deducted.

Performance Based Fees and Side-By-Side Management

Neither FNG nor any supervised person of FNG accepts performance-based fees.

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

Please Note: Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by FNG) will be profitable or equal any specific performance level(s). Investing in securities involves risk of loss that clients should be prepared to bear.

FNG's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis FNG must have access to current/new market information. FNG has no control over the dissemination rate of market information; therefore, unbeknownst to FNG, certain analyses may be compiled with outdated market information, severely limiting the value of FNG's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

FNG primarily uses mutual funds and exchange traded funds. 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.

Currently, FNG primarily allocates client investment assets among mutual funds and/or ETFs, on a discretionary basis in accordance with the client's designated investment objective(s).

Voting Client Securities

FNG does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact FNG to discuss any questions they may have with a particular solicitation.

Item 7 Client Information Provided to Portfolio Managers

FNG shall be the Program's portfolio manager. FNG shall provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment adviser representative will discuss with each client, their particular investment objective(s). FNG shall allocate each client's investment assets consistent with their designated investment objective(s). Clients may, at anytime, impose restrictions, in writing, on FNG's services.

As indicated above, each client is advised that it remains his/her/its responsibility to promptly notify FNG if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising FNG's previous recommendations and/or services.

Item 8 Client Contact with Portfolio Managers

The client shall have, without restriction, reasonable access to the Program's portfolio manager.

Item 9 Additional Information

- A. FNG has not been the subject of any disciplinary actions.

Other Financial Industry Activities and Affiliations

Certain of FNG's representatives are also registered representatives of *Royal*, an SEC registered and FINRA member broker-dealer.

Neither FNG, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

Registered Representatives of Royal. As disclosed above in Item 5.E, certain of FNG's representatives, are registered representatives of *Royal*, an SEC Registered and FINRA member broker-dealer. Clients may choose to engage certain of FNG's representatives, in their individual capacities, as registered representatives of *Royal*, to implement investment recommendations on a commission basis.

Licensed Insurance Agents. Certain of FNG's representatives in their individual capacities, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4.B above, clients can engage certain of FNG's representatives to purchase insurance products on a commission basis.

- **Conflict of Interest:** The recommendation by certain of FNG's representatives that a client purchase a securities or insurance commission product presents a *conflict of interest*, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from FNG's representatives. Clients are reminded that they may purchase securities or insurance products recommended by FNG through other non-affiliated broker-dealers or insurance agents. **FNG's Chief Compliance Officer, Julie Seifert, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

FNG does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

FNG maintains an investment policy relative to personal securities transactions. This investment policy is part of FNG's overall Code of Ethics, which serves to establish a standard of business conduct for all of FNG's representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, FNG also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by FNG or any person associated with FNG.

Neither FNG nor any related person of FNG recommends, buys, or sells for client accounts, securities in which FNG or any related person of FNG has a material financial interest.

FNG and/or representatives of FNG *may* buy or sell securities that are also recommended to clients. This practice may create a situation where FNG and/or representatives of FNG

are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if FNG did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of FNG’s clients) and other potentially abusive practices.

FNG has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of FNG’s “Access Persons.” FNG’s securities transaction policy requires that an Access Person of FNG must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date FNG selects; provided, however that at any time that FNG has only one Access Person, he or she shall not be required to submit any securities report described above.

FNG and/or representatives of FNG *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where FNG and/or representatives of FNG are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, FNG has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of FNG’s Access Persons.

Review of Accounts

For those clients to whom FNG provides investment advisory services, account reviews are conducted on an ongoing basis by FNG's Principals and representatives. All investment advisory clients are advised that it remains their responsibility to advise FNG of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with FNG on an annual basis.

FNG *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. FNG may also provide a written periodic report summarizing account activity and performance.

Client Referrals and Other Compensation

FNG may receive an indirect economic benefit from *Royal, Ameritrade* and/or *Schwab*. FNG, without cost (and/or at a discount), may receive support services and/or products from *Royal, Ameritrade* and/or *Schwab*.

FNG's clients do not pay more for investment transactions effected and/or assets maintained at *Royal, Ameritrade* and/or *Schwab* as a result of this arrangement. There is no corresponding commitment made by FNG to *Royal, Ameritrade* and/or *Schwab* or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

FNG also receives from *TD Ameritrade* certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisors participating in the program. Specifically, the Additional Services include Salesforce.com, AppCrown, MoneyGuidePro, Morningstar, CopyTalk and Lighthouse computer systems. *TD Ameritrade* provides the Additional Services to FNG in its sole discretion and at its own expense, and FNG does not pay any fees to *TD Ameritrade* for the Additional Services. FNG and *TD Ameritrade* have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services. FNG's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to FNG, *TD Ameritrade* most likely considers the amount and profitability to *TD Ameritrade* of the assets in, and trades placed for, FNG's client accounts maintained with *TD Ameritrade*. *TD Ameritrade* has the right to terminate the Additional Services Addendum with FNG, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from *TD Ameritrade*, FNG may have an incentive to recommend to its clients that the assets under management by FNG be held in custody with *TD Ameritrade* and to place transactions for client accounts with *TD Ameritrade*. FNG's receipt of Additional Services does not diminish its duty to act in the best interests of its clients, including to seek best execution of trades for client accounts.

FNG's Chief Compliance Officer, Julie Seifert, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.

FNG may receive client referrals from *TD Ameritrade* through its participation in *TD Ameritrade AdvisorDirect* ("AdvisorDirect"). In addition to meeting the minimum eligibility criteria for participation in *AdvisorDirect*, FNG may have been selected to participate in *AdvisorDirect* based on the amount and profitability to *TD Ameritrade* of the assets in, and trades placed for, client accounts maintained with *TD Ameritrade*. *TD Ameritrade* is a discount broker-dealer independent of and unaffiliated with FNG and there is no employee or agency relationship between them. *TD Ameritrade* has established *AdvisorDirect* as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. *TD Ameritrade* does not supervise FNG and has no responsibility for FNG's management of client portfolios or FNG's other advice or services. FNG pays *TD Ameritrade* an on-going fee for each successful

client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to FNG (“Solicitation Fee”). FNG will also pay *TD Ameritrade* the Solicitation Fee on any advisory fees received by FNG from any of a referred client’s family members, including a spouse, child or any other immediate family member who resides with the referred client and hired FNG on the recommendation of such referred client. FNG will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to *TD Ameritrade* to its clients. For information regarding additional or other fees paid directly or indirectly to *TD Ameritrade*, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

FNG’s participation in AdvisorDirect raises potential conflicts of interest. *TD Ameritrade* will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at *TD Ameritrade* and whose client accounts are profitable to *TD Ameritrade*. Consequently, in order to obtain client referrals from *TD Ameritrade*, FNG may have an incentive to recommend to clients that the assets under management by FNG be held in custody with *TD Ameritrade* and to place transactions for client accounts with *TD Ameritrade*. In addition, FNG has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from *TD Ameritrade* or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. FNG’s participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

TD Ameritrade Institutional Advisor Program

FNG participates in the Institutional Advisor Program (the “*Program*”) offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of *Ameritrade*, an unaffiliated SEC-registered broker-dealer and FINRA member. *TD Ameritrade* offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from *TD Ameritrade* through its participation in the *Program*.

FNG may recommend *TD Ameritrade* to clients for custody and brokerage services. There is no direct link between FNG’s participation in the *Program* and the investment advice it gives to its clients, although FNG receives economic benefits through its participation in the *Program* that are not typically available to *TD Ameritrade* retail investors. These benefits include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving advisor 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 FNG by third party vendors. *TD Ameritrade* may also have paid for business consulting and professional services received by FNG. Some of the products and services made available by *TD Ameritrade* through the *Program* may benefit FNG but may not 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 representatives through participation in the *Program* do not depend on the amount of brokerage transactions directed to *TD Ameritrade*. Clients should be aware, however, that the receipt of economic benefits by FNG or its representatives in and of itself creates a potential conflict of interest and may indirectly influence FNG's recommendation of *TD Ameritrade* for custody and brokerage services.

FNG's Chief Compliance Officer, Julie Seifert, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

Financial Information

FNG does not solicit fees of more than \$1,200, per client, six months or more in advance.

FNG is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.

FNG has not been the subject of a bankruptcy petition.

ANY QUESTIONS: FNG's Chief Compliance Officer, Julie Seifert, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.