

**Item 1: Cover Page for Part 2A of Form ADV:
Firm Brochure
March 2013**

Zhang Financial LLC
doing business as

ZHANG FINANCIAL

**1302 West Milham Avenue
Portage, MI 49024**

**Firm Contact:
Lynn Chen-Zhang, Chief Compliance Officer**

**Firm Website Address:
www.ZhangFinancial.com**

This brochure provides information about the qualifications and business practices of Zhang Financial (hereinafter referred to as the “Adviser”, “us”, “we”, or “our firm”). If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer by telephone at (269) 385-5888 or email at lynn.chenzhang@zhangfinancial.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any State Securities Authority.

Additional information about Zhang Financial is also available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by using a unique identifying number known as the CRD Number. Our CRD# is 159257.

Please note that the use of the term “registered investment adviser” and description of Zhang Financial and/or our associates as “registered” does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm’s associates who advise you for more information on the qualifications of our firm and our employees.

Item 2: Material Changes to Our Part 2A of Form ADV: Firm Brochure

This Item discusses only the material changes that have occurred since Zhang Financial's last annual update dated December 2012. We have no material changes to report.

Item 3: Table of Contents

<u>Section:</u>	<u>Page(s):</u>
Item 1. Cover Page	1
Item 2. Material Changes to the Firm Brochure	2
Item 3. Table of Contents	3
Item 4. Advisory Business	4
Item 5. Fees and Compensation	7
Item 6. Performance-Based Fees and Side-By-Side Management	9
Item 7. Types of Clients and Account Requirements	9
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss	10
Item 9. Disciplinary Information	11
Item 10. Other Financial Industry Activities and Affiliations	11
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	12
Item 12. Brokerage Practices	13
Item 13. Review of Accounts or Financial Plans	18
Item 14. Client Referrals and Other Compensation	19
Item 15. Custody	19
Item 16. Investment Discretion	20
Item 17. Voting Client Securities	20
Item 18. Financial Information	20

Item 4: Advisory Business

Zhang Financial is dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a limited liability company formed in the State of Michigan and has been in business as an investment adviser since 2012. It is 100% owned by Charles C. Zhang. Our firm offers asset management and advisory services to our clients. We provide these services to both individuals and entities.

We emphasize continuous and regular account supervision. As part of our asset management service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds ("ETFs"), options, mutual funds and other public and private securities or investments. The client's individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client's circumstances. Accounts are reviewed at least annually for any changes in suitability factors. In addition, accounts are reviewed quarterly for return dispersion and to ensure adherence to asset allocation. Accounts are also reviewed upon the occurrence of certain triggering events such as, but not limited to, receipt of new money, change in a client's financial condition, a significant change in the market environment, or request to liquidate or distribute a significant portion of the portfolio. The Financial Advisor or Portfolio Managers conduct such reviews. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

As part of our asset management services, we also provide pension consulting services to employer plan sponsors on a one-time or ongoing basis. Generally, such pension consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising could include: investment options, plan structure and participant education. All pension consulting services shall be in compliance with the applicable state law(s) regulating pension consulting services. This applies to client accounts that are pension or other employee benefit plans ("Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

If the client accounts are part of a Plan, and we accept appointments to provide our services to such accounts, we acknowledge that we are a fiduciary within the meaning of Section 3(21) of ERISA (but only with respect to the provision of services described in section 1 of our Pension Consulting Agreement).

We also provide a variety of financial planning and consulting services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of the client's current situation, goals, and objectives. Generally, such financial planning services will involve the preparation of a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning or consulting may encompass one or more of the following areas: Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Cost Segregation Study, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, Employee Stock Option Planning, and Business and Personal Financial Planning.

Our written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. We refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services. For written financial planning engagements, we provide our clients with an initial written summary of their financial situation, observations, and recommendations. For financial consulting engagements, we usually do not provide our clients with a written summary of our observations and recommendations. Plans or consultations are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

Individual Tailoring of Advice to Clients

We offer individualized investment advice to clients utilizing the Asset Management service. On the other hand, we offer general investment advice to clients utilizing our Financial Planning and Consulting, and Pension Consulting services.

We typically do not allow clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account. In the rare instance that we would allow restrictions, it would be limited to our Asset Management services.

Participation in wrap fee programs.

We offer wrap fee programs as more specifically described in Part 2A, Appendix 1 (the “Wrap Fee Program Brochure”) of our Brochure. Our wrap fee and non-wrap fee accounts are managed on an individualized basis according to the client’s investment objectives, financial goals, risk tolerance and other determining factors. We do not manage wrap fee accounts in a different fashion than non-wrap fee accounts. As further described in our Wrap Fee Program Brochure, we receive a portion of the wrap fee for our services.

Amounts of Assets Under Management

We manage¹ \$600,671,868 on a discretionary basis and \$0 on a non-discretionary basis as of March 23, 2013.

¹ Please note that our method for computing the amount of “client assets we manage” can be different from the method for computing “assets under management” required for Item 5.F in Part 1A of Form ADV. However, we have chosen to follow the method outlined for Item 5.F in Part 1A of Form ADV. If we decide to use a different method at a later date to compute “client assets we manage,” we must keep documentation describing the method we use and inform you of the change. The amount of assets we manage may be disclosed by rounding to the nearest \$100,000.

Item 5: Fees and Compensation

A. Fee Schedules

Asset Management:

Assets under management

Annual Percentage of assets charge:

Any Assets

Up to 2.00 %

Our firm's annual fees for investment management services provided under our various Client Agreements is a specified percentage negotiated between, and agreed to by, us and our clients and, generally, does not exceed 2% of the market value of assets under management.

We have a wrap fee program that allows our clients to pay a specified fee for investment advisory services and the execution of transactions. The advisory services may include portfolio management, and the fee is not based directly upon transactions in a client's account. This fee is bundled with our costs for executing transactions in our client's account(s). This may result in a higher advisory fee to you. While we do not charge our clients higher advisory fees based on their trading activity, you should be aware that we may have an incentive to limit the trading activities in your account(s) because we are charged for executed trades. By participating in our wrap fee program, you may end up paying either more or less than you would through a non-wrap fee program because in a non-wrap fee program, a lower advisory fee may be charged, however, trade execution costs are passed directly to you by the executing broker. For more information regarding our wrap fee program, please see Part 2A, Appendix 1 of this Brochure.

Pension Consulting:

We may charge either on a percentage or on a flat fee basis for Pension Consulting services provided as part of our asset management services. If we charge based on a percentage of assets under management, such fee shall not exceed 2.00%.

If we charge on a flat fee basis for pension consulting services, the total estimated fee, as well as the ultimate fee that we charge our clients, shall be based on the scope and complexity of our engagement. Our flat fees generally range from \$1,000 to \$250,000. Flat fees will be charged annually for ongoing pension consulting services. In all cases, we will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 (six) months.

Financial Planning and Consulting:

We charge either on an hourly or flat fee basis for financial planning and consulting services. The total estimated fee, as well as the ultimate fee that we charge you, is based

on the scope and complexity of our engagement with you. Our hourly fees range from \$100 to \$500 for financial advisors. Flat fees generally range from \$250 to \$250,000.

Other Fees:

In addition to the fees discussed above, clients may also be subject to other fees and expenses, such as prime broker charges, interest on margin accounts, borrowing charges on securities sold short, wire transfer and electronic fund transfer fees, fees and taxes on brokerage accounts and securities transactions, charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses) and other charges related to account and asset management. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through.

B. Fee Billing

Asset Management:

Our firm's fees are billed on a pro-rata annualized basis, paid quarterly in advance based on the value of a client's account on the last day of the previous quarter. Although in rare cases we may agree to directly bill clients for our fees, such fees are generally automatically deducted from a client's account. As part of this process, each client attests that they understand and acknowledge the following:

- a) The independent custodian sends statements at least quarterly to the client showing all disbursements for a client's account, including the amount of the advisory fees paid to us;
- b) They provide authorization permitting us to be directly paid by these terms;
- c) If we send a copy of our invoice to you, we send a copy of our invoice to the independent custodian at the same time we send the invoice to you;

We urge all clients to compare information provided in their statements with those provided by the qualified custodian.

Pension Consulting:

The fee-paying arrangements for pension consulting service will be determined on a case-by-case basis and will be detailed in the signed Pension Consulting Agreement. The client will be invoiced directly for the fees.

Financial Planning and Consulting:

We may require a retainer of fifty-percent (50%) of the ultimate financial planning or consulting fee with the remainder of the fee directly billed. Such fee is due to us within thirty (30) days from the delivery of the financial plan or from the date of the consultation rendered. In all cases, we will not require a retainer exceeding \$1,200 when

services cannot be rendered within 6 (six) months.

We charge our advisory fees quarterly in advance. In the event that our services are terminated, we will refund the unearned portion of our advisory fee. Clients are requested to contact us in writing and state that they wish to terminate our services. Upon receipt of the letter of termination, we will promptly proceed to close out the account and process a refund of unearned advisory fees calculated on a pro-rata basis.

We do not, and our supervised persons do not, accept compensation for the sale of securities or other investment products.

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

We do not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7: Types of Clients and Account Requirements

We impose a minimum account balance of \$250,000 to open or maintain an account with us. Generally, this minimum account balance requirement is not negotiable and would be required throughout the course of the client's relationship with our firm. However, this account minimum requirement may be waived in certain circumstances, in our sole discretion.

Types of clients we typically have include:

- Individuals and High Net-Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit Sharing Plans; and
- Corporations, limited liability companies and/or other business types.

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

Zhang Financial uses the following in formulating investment advice or managing assets.

Methods of Analysis:

Fundamental – This type of analysis involves analyzing a company's financial statements, its management, competitors, markets and its competitive advantages. This type of analysis puts a focus on the overall state of the economy, interest rates, production, and earnings. We adhere to disciplined investment parameters and our portfolios may include investments in undervalued companies. We are not concerned with short-term fluctuations of market price and instead put more importance on a company's value.

Technical - This involves an analysis of past market movements and does not consider the underlying financial condition of a particular company. Through technical analysis, we attempt to determine and recognize recurring patterns in investor behavior in relation to a particular company. Through the use of this analysis, we are able to potentially predict future price movement of certain securities.

Cyclical - This type of analysis involves measuring the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

Investment Strategies:

- Long term purchases (securities held at least a year);
- Short term purchases (securities sold within a year);
- Trading (securities sold within 30 days);
- Margin transactions; and
- Option writing, including covered options, uncovered options or spreading strategies.

Certain Risks Associated with Methods of Analysis and Investment Strategies

The use of the methods of analysis described above may not be sufficient to accurately indicate the movement of particular securities or their future performance. In addition, there is also the risk that a poorly managed or financially unsound company may underperform regardless of market movement and past performance trends as they do not guarantee future results.

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in securities. Some of these risks are briefly described below.

Highly Volatile Markets - The prices of the instruments traded and held in client accounts have been subject to periods of excessive volatility in the past, and such periods can be expected to continue. Price movements are influenced by factors which we may be unable to predict, such as market sentiment, inflation rates, interest rate movements and general economic and political conditions. In addition, governments may, from time to time, intervene, directly and through regulation, in certain markets, particularly those in currencies, financial instrument futures and options. Such intervention often is intended to directly influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

Stagnant Markets - Although volatility is one indication of market risk, some of the investment strategies we employ rely on the existence of market volatility to either result in or contribute to a mispricing that we can identify and exploit to create

profitability. In periods of stagnant markets and/or deflation, alternative investment strategies have materially diminished prospects for profitability.

Market Disruptions - Client accounts may incur material losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The financing available to clients from banks, dealers and other counterparties is likely to be restricted in disrupted markets. Market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for clients, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

Institutional Risk - Institutions, including brokerage firms, counterparties and banks with which clients may trade or invest, may default or encounter financial difficulties that impair their operational capabilities or clients' capital positions. Clients are also subject to the risk that the exchanges on which their positions trade or the clearinghouses that the exchanges use may fail, which could also impair clients' capital positions.

Leverage - Clients may borrow funds from brokerage firms, banks and other available sources in order to be able to increase the amount available for investment. In addition, clients may in effect borrow funds through entering into repurchase agreements, and may purchase or sell options, forwards and other derivative instruments. The amount of borrowings which clients may have outstanding at any time may be large in relation to their actual capital. Consequently, the rates at which clients can borrow will affect the profitability of the client's account. Leverage has the effect of magnifying both profits and losses compared with unleveraged positions.

Short-term borrowings - In the event that the securities pledged to brokers to secure a client's margin account declines in value, the client could be subject to a "margin call" pursuant to which the client would either have to deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of a client's assets, the client may not be able to liquidate assets quickly enough to pay off its margin debt and the client may therefore also suffer additional significant losses as a result of its default.

Interest Rate Risk - The value of the fixed-rate securities in which clients invest generally will have an inverse relationship with interest rates. Accordingly, if interest rates rise, the value of such securities may decline. In addition, to the extent that the receivables or loans underlying specific securities are pre-payable, the value of such securities may be negatively affected by increasing prepayments, which generally occur when interest rates decline.

Illiquid Securities - Clients may be invested in securities, loans and other financial instruments, which are not actively and widely traded. Consequently, it may be

relatively difficult to dispose of such investments rapidly and at favorable prices and such securities may also be more difficult to value.

Futures Contracts and Futures Options – We may trade futures and futures options for speculative or hedging purposes. The prices of such contracts are highly volatile. Because of the low margin deposits normally required in futures trading, a high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to clients. Commodity exchanges limit fluctuations in futures contract prices during a single day. During a single trading day, trades may not be executed at prices beyond the “daily limit.” Once the price of a futures contract for a particular commodity has increased or decreased by an amount equal to the daily limit, positions in the commodity can be neither taken nor liquidated unless managers are willing to effect trades at or within the limit.

Concentration of Investments - From time to time, a significant portion of a client’s account assets may be concentrated in a particular security, industry, or market. Should such security, industry, market or country become subject to adverse financial conditions, account assets shall not be afforded the protection otherwise available through greater diversification of investments.

The discussion of risks above is not meant to be a complete description of all risks that you may face. You should be prepared to bear the risks of your investments.

Item 9: Disciplinary Information

Neither Zhang Financial nor any of its supervised persons have been the subject of any legal or disciplinary events that would be material to a client’s evaluation of Zhang Financial or the integrity of its management.

Item 10: Other Financial Industry Activities and Affiliations

Neither Zhang Financial or any of its management persons are registered or have an application pending to register as a broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities and is not engaged in any other financial activities.

Neither Zhang Financial nor any of its management persons have affiliations with broker-dealers, municipal securities dealers or government securities dealers, investment companies or other pooled investment vehicles, other investment advisers or financial planners, futures commodity merchant, commodity pool operator or commodity trading advisor, banking or thrift institutions, accountants or accounting firms, lawyers or law firms, insurance agency or company, pension consultant, real estate broker or dealer or sponsor or syndicator of limited partnerships other than as described below.

Lynn Chen-Zhang, Jessica Rossana, and James Walsh are licensed to sell insurance, but will have ceased making any new sales after January 1, 2013. All compensation relating to the renewal of previously placed insurance products are donated to a charity on an annual basis. This poses no conflict of interest for our clients.

We do not recommend or select other investment advisers for our clients.

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

In order to prevent conflicts of interest, we have in place a set of procedures (including pre-clearing and insider trading procedures) in our Firm Code of Ethics with respect to transactions affected by our members, officers and employees for their personal accounts. In order to monitor compliance with our personal trading policy, we have quarterly and annual securities transaction reporting requirements for all of our associates.

We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. A summary of our Code of Ethics is provided to all clients. However, if a client or a potential client wishes to receive a copy of our Code of Ethics in its entirety, they may request a copy by contacting us at (269) 385-5888 or via email at lynn.chenzhang@zhangfinancial.com.

In addition, neither the Firm nor a related person will recommend to clients, or buy or sell for client accounts, securities in which our firm or a related person has a material financial interest (excluding an interest as a shareholder of an SEC-registered, open-end investment company).

Our firm, as well as individuals associated with our firm may buy or sell for their personal accounts securities that are identical to those recommended or purchased for client accounts. In addition, associated individuals of our firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. This practice creates a potential conflict of interest in that Zhang Financial or individuals associated with us may have an incentive not to recommend the sale of securities held by clients in order to protect the value of their personal investment. However, our related persons are required to place client interests ahead of their own and to adhere to the procedures set forth in our firm's Code of Ethics relating to these transactions.

Furthermore, if related persons' accounts are included in a block trade, our related persons will always trade personal accounts last in order to prevent such related person from benefiting from transactions placed on behalf of client accounts. All transaction costs related to block trades or transactions are shared on a pro-rated basis between all accounts included in any such block trade.

Item 12: Brokerage Practices

Potential Conflicts of Interest

Our firm has a non-soft dollar arrangement with LPL Financial, LLC (“LPL”) and TD Ameritrade, Inc. (“TD Ameritrade”) (“hereinafter referred to collectively as “Custodian”). Custodian services to us include custody of securities, trade execution, and clearance and settlement of transactions. We receive some benefits from Custodian through our participation in the program. Custodian also makes certain research and brokerage services available at no additional cost to our firm. These services include certain research and brokerage services, including research services obtained by Custodian directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by Custodian to our firm may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by Custodian to our firm in the performance of our investment decision-making responsibilities.

The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

As a result of receiving these services for no additional cost, we may have an incentive to continue to use or expand the use of Custodian’s services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with Custodian and we have determined that the relationship is in the best interest of our firm’s clients and satisfies our client obligations, including our duty to seek best execution.

Custodian charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Custodian enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Custodian’s commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by Custodian may be higher or lower than those charged by other custodians and broker-dealers.

Best Execution

Zhang Financial as a matter of policy, seeks to obtain best execution for client transactions, *i.e.*, seeking to obtain not necessarily the lowest commission but the best overall qualitative execution in the particular circumstances. While best execution is difficult to define and to measure, it is generally accepted that it does not only mean achieving the best price but also involves many factors, such as the characteristics of specific trades, the stock being traded, quality of execution, clearance/settlement capabilities, specific needs of the Firm's clients, and conditions in the market at the time the order is placed.

The Firm will review its best execution responsibilities when directing brokerage to any broker-dealer (especially affiliated entities), determining commission discounts and disclosing the various conflicts of interest inherent in this direction. Participants in the execution process, including the information gathering process, should include individuals using a broker/dealer's services such as portfolio managers, analysts and operations personnel. The Chief Compliance Officer will be responsible for supervising the Best Execution Policy.

Soft Dollars

As a matter of policy, Zhang Financial does not have any formal or informal arrangements or commitments to use research, research-related products and other services obtained from broker-dealers, or third parties, on a soft dollar commission basis. This includes the use of soft dollars to correct trade errors.

Trade Error Correction Policies

Zhang Financial will work directly with a broker-dealer when correcting any error whether the error was caused by the Firm, a client, broker-dealer or the account custodian. In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

The Firm will review if, in correcting errors, an agency-cross transaction has taken place. Should Zhang Financial find that such a transaction is warranted, the Firm will ensure that all proper client disclosures are made and consents obtained, as required in Section 206(3)-2 of the Advisers Act. All trade errors will be documented and reviewed by the Chief Compliance Officer on a regular basis as needed.

Directed Brokerage

We do not allow client-directed brokerage (in which a client directs the firm to execute a transaction through a specified broker-dealer).

We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts.

When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

Trade Allocation Procedures

There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts.

When such concurrent authorizations occur, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

Zhang Financial will not allocate trades in such a way that its own or affiliated account(s) (including those of supervised persons) or select clients receive more favorable treatment than the Firm's other client accounts. It is important to note that Zhang Financial does not offer performance-based accounts. Notwithstanding the foregoing, the order may be allocated on a different basis if all client accounts receive fair and equitable treatment. Adviser will receive no additional compensation of any kind as a result of the proposed aggregation. The reason for a different allocation should be documented in writing and reviewed by the Chief Compliance Officer. The Firm's books and records should separately reflect for each client account, the orders of which are aggregated and the securities held by and bought and sold for that account.

Special Considerations for ERISA Clients

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

Item 13: Review of Accounts

Accounts are reviewed at least annually for any changes in suitability factors. In addition, accounts are reviewed quarterly for return dispersion and to ensure adherence to asset allocation. Accounts are also reviewed upon the occurrence of certain triggering events such as, but not limited to, receipt of new money, change in a client's financial condition, a significant change in the market environment, or request to liquidate or distribute a significant portion of the portfolio. The Financial Advisor or Portfolio Managers conduct such reviews.

However we may review client accounts more frequently than described above. Among the factors that may trigger an off-cycle review are major market or economic events, the client's life events, and requests by the client.

We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we meet with clients that subscribe to our Asset Management services.

The custodian holding client funds and securities will send a client a written confirmation of every securities transaction in their respective accounts, along with a brokerage statement, at least quarterly.

Item 14: Client Referrals and Other Compensation

We do not receive any economic benefits from any outside firms who provide investment advice or other advisory services to our clients. In addition, we do not compensate any person who is not a supervised person for client referrals.

Item 15: Custody

Under SEC rule 206(4)-2, we must disclose if we do not send account statements with respect to funds or securities directly to our clients. All of our clients receive at least quarterly account statements directly from their custodians. Upon opening an account with a qualified custodian on a client's behalf, we promptly notify the client in writing of the qualified custodian's contact information. If we decide to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm.

The custodians we do business with will send each client an independent account statement listing their respective account balance(s), transaction history and any fees or other amounts debited from such account.

Item 16: Investment Discretion

(Using the methodology outlined in Item 5.F in Part 1A of Form ADV), we manage \$600,671,868 for asset management clients on a discretionary basis and \$0 on a non-discretionary basis as of March 23, 2013.

Our clients need to sign a discretionary investment advisory agreement with our firm for the management of their account. This type of agreement only applies to our Asset Management clients. We do not take or exercise discretion with respect to our other clients.

Item 17: Voting Client Securities

We do not and will not accept the proxy authority to vote client securities, although in the future we may choose to vote proxies for clients governed under ERISA. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. As the client is responsible for voting their proxies, clients cannot direct Zhang Financial to vote in a particular solicitation. Clients may call at (269) 385-5888, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

Item 18: Financial Information

We do not have any financial commitments that might impair our current or future ability to meet our contractual commitments to clients and we have not been the subject of a bankruptcy petition at any time during the past ten years.