

**Summit Financial Group, Inc.**

Form ADV Part 2A, Appendix 1  
Wrap Fee Program Brochure

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595 South Federal Highway  
Suite 500  
Boca Raton, FL 33432

Toll Free: (800) 226-2660

Fax: (561) 338-2820

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

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***This wrap fee program brochure provides information about the qualifications and business practices of Summit Financial Group, Inc. ("SFG/we/us/our"). If you have any questions about the contents of this brochure, please contact us at (800) 226-2660. 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 SFG is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). SFG's searchable IARD/CRD number is 109485.***

***SFG is a registered investment adviser with the SEC. Our registration as an investment adviser does not imply any particular level of skill or training.***

## Item 2 – Material Changes

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Only material changes since the last annual update of the brochure are mentioned below. The last annual update of the firm brochure was on March 31, 2014.

Since our last Form ADV Part 2A filing, we have updated this brochure to include new information regarding the completion of the acquisition of Summit Financial Services Group, Inc., SFG's parent company, by RCS Capital Corporation. Further information regarding this transaction may be found in Item 4 – Services, Fees and Compensation, and Item 9 – Additional Information.

When we update this brochure, we will either send our clients a copy, or offer to send our clients a copy.

If you would like another copy of this brochure, you may download it from the SEC's investment adviser public disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), or contact us at (800) 226-2660.

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## Item 4 – Services, Fees and Compensation

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### The Company

SFG is a registered investment adviser based in Boca Raton, Florida, and incorporated under the laws of the state of Florida. Founded in 1995, SFG provides investment advice and portfolio management services on a continuing basis, which may include, but are not limited to, the review of client investment objectives and goals, recommending asset allocation strategies of managed assets among cash, stocks, mutual funds, exchange traded funds, bonds and/or other investments, and/or preparing written investment strategies/financial plans. SFG provides investment advisory and other financial services through its Investment Advisor Representatives ("IARs") to individuals who open accounts with SFG. These services are available to both retail clients (for example, smaller accounts of individuals, IRAs, trusts and employee benefit plans) and institutional clients (for example, corporate pension plans, charitable organizations, corporations and foundations). In addition, some programs will provide for the selection of specific securities to help meet the client's stated investment objectives or identifying, evaluating, and hiring independent, unaffiliated money management firms on behalf of clients.

SFG is a wholly-owned subsidiary of Summit Brokerage Services, Inc. ("SBS") which is a wholly-owned subsidiary of Summit Financial Services Group, Inc. ("SFSG"). On November 18, 2013, it was announced that SFSG had entered into an agreement to be acquired by RCS Capital Corporation ("RCS"). As of June 11, 2014, that transaction was completed, and SFSG became a wholly owned subsidiary of RCS. RCS is a publicly traded Delaware holding company listed on the New York Stock Exchange formed to operate and grow businesses focused on the retail direct investment industry. For a more detailed description of RCS, please visit [www.rcscapital.com](http://www.rcscapital.com). This transaction in no way affected the services provided to you by your Investment Advisor Representative ("IAR").

SFG offers both discretionary and non-discretionary wrap fee programs. SFG's IARs will assist you in determining the suitability of a wrap fee program for you. A wrap fee program is a program under which investment advisory services and brokerage execution services are provided for a single comprehensive or "wrapped" annual fee. This fee is not based on the transactions that occur in the account, but rather on the account value. The fees are charged quarterly, in advance. The fees are typically negotiable (within established ranges) between you and your IAR, which may result in accounts of similar type and make up being charged different fees. Your IAR is compensated through the fee charged on your account. Typically, the fee will be deducted directly from your account. However, with SFG's prior approval, you may have the option to pay your advisory fees from a different account or by check. If you have approval to pay your advisory fees from another account or by check, the fees must still be paid by you by the payment due date.

Some of the products you may invest in within your wrap fee account may charge fees and expenses which are described in detail in that product's prospectus. Please refer to the applicable prospectus for each product you invest in or consult your IAR for details regarding the applicable product-related fees and expenses. Further, there may be additional fees as applicable such as margin interest fees, IRA custody fees, distribution fees, service or clearing charges or other similar administrative fees which will increase the cost to you. You should consult your IAR for further information regarding the additional fees that may apply to your account.

The cost of these programs to you, if provided separately with the equivalent trading activity in the client account(s), may cost more or less than purchasing such services separately. The IAR representing this program to you receives compensation as a result of your participation in the program. This compensation may be more or less than the IAR would have received for other investment advice, brokerage, and/or other services or investment programs. Therefore the IAR may have an incentive to recommend the program over other programs or services.

SFG utilizes two clearing firms to execute securities business for wrap fee programs: First Clearing Correspondent Services (an affiliate of Wells Fargo & Company and referred to hereinafter as “FCC”) and Pershing, LLC (a subsidiary of The Bank of New York Mellon Corporation and referred to hereinafter as “Pershing”). Both FCC and Pershing are nationally recognized and provide clearing services to many financial services firms. FCC has a number of programs from which to choose, ranging from programs managed by various third party money managers at Wells Fargo Advisors, by other third party money managers, programs which are directed by the client, or programs which are directed by the IAR. Pershing also has a number of programs from which to choose, including programs which are directed by the client, programs which are directed by the IAR, programs which are managed by Pershing’s subsidiary, Lockwood Advisors (“Lockwood”), as well as by another third party money manager, Envestnet, Inc. (“Envestnet”). Further, certain accounts available on the Pershing platform may offer the Performance Link service which provides the ability to include any of your accounts that are custodied at Pershing in a single, consolidated performance report. There is a separate and additional fee for the Performance Link service. The following schedule will be used for the Performance Link service, regardless of the advisory account type.

*Per Account Size in Basis Points (“bps”)<sup>1</sup>*

First \$500,000	3 bps (0.03%)
Next \$500,000	2 bps (0.02%)
Over \$1,000,000	1 bp (0.01%)

<sup>1</sup>The minimum fee for the Performance Link service is \$35.00 per quarter and the maximum is \$62.50 per quarter.

Below are descriptions of the various wrap fee programs available on the FCC platform. For the grids below, ETFs = exchange traded funds, MFs = mutual funds, UITs = unit investment trusts and ETNs = exchange traded notes.

## Wrap Fee Programs on the FCC Platform – Descriptions

		Program Description	Discretion	Min Acct Size	Allowable Assets	Managers/ Funds Available	Margin
UMA	<b>DMA (Diversified Managed Allocations)</b>	Multi-manager, separately managed account program, based on Manager Strategy Group - driven Optimal Blends or Customized Blends	Wells Fargo Advisors, LLC & Third Party Managers	\$150,000 -2 managers \$300,000 -3 managers  \$500,000 -4 managers \$750,000 -5 managers \$1,000,000 -6 managers	Manager Discretion (may include Stocks, Bonds, Mutual Funds, ETFs and Cash Alternatives, etc.)	39 Optimal Blends or Customize Utilizing Approximately 100 Managers on DMA Roster	No

SMA	Masters	Separately managed account wrap program	Third Party Manager	\$100,000 and subject to manager minimums	Manager Discretion (may include Stocks, Bonds, Mutual Funds, ETFs and Cash Alternatives, etc.)	84 Managers/ 184 Investment Styles	No
	Private Advisor Network	Separately managed account, dual contract program	Third Party Manager	\$100,000 and subject to manager minimums	Manager Discretion (may include Stocks, Bonds, ETFs and Cash Alternatives, etc.)	250 Cleared Firms	Manager's Discretion
	Wells Fargo Compass	Separate account wrap program managed by Wells Fargo Advisors' Advisory Services Group	Wells Fargo Advisors' Advisory Services Group	\$50,000 - \$200,000 depending upon style	Stocks, Closed End Funds, ETFs and Cash Alternatives	3 Asset Class Strategies 6 Asset Allocation Strategies 4 ETF Strategies	No
ETFs	Allocation Advisors	Discretionary advisory program comprised primarily of ETF's.	Wells Fargo Advisors' Advisory Services Group; Laffer; Ibbotson	Strategic/CAAP Foundation: \$25,000  CAAP Plus/Global \$50,000	ETFs, Mutual Funds and Cash Alternatives	4 CAAP Plus strategies, 7 CAAP Foundations strategies, 6 Strategic ETF strategies, 5 Ibbotson ETF strategies, 7 Ibbotson Mutual Fund and ETF strategies, Laffer Global	No
MFs	FundSource	Discretionary, mutual fund wrap program, based on Wells Fargo Advisors' Manager Strategy Group -driven Optimal Blends or Customized Blends	Wells Fargo Advisors' Manager Strategy Group	\$25,000	Mutual Funds	30 Optimal Blends or choose from approximately 200 "Best of Breed" mutual funds	No
	Pathways	Discretionary mutual fund program based on Russell Investments blends	Wells Fargo Advisors/Russell Investments	\$25,000	Mutual Funds	Nine Blends or approximately 15 Russell funds	No
Non-Disc.	CustomChoice	Non-Discretionary, client-directed mutual fund wrap program	Client	\$25,000	Mutual Funds	Over 4,000 No-Load, Load Waived, Fee Based and Institutional Share Class Mutual Funds	No
	Asset Advisor <sup>(1) (2)</sup>	Non-Discretionary, investment advisory program	Client	\$50,000	Stocks, Bonds, Cash & Alternatives, 4000+ Mutual Funds, Preferred Stock, Alt. Inv., Covered Options, CDs, Closed-End Funds, ETFs, UITs,	Over 4,000 No-Load, Load Waived, Fee Based and Institutional Share Class Mutual Funds	Yes
FA Disc	PIM <sup>(1)</sup>	Traditional FA Directed program: Financial Advisor is portfolio manager	Financial Advisor	\$50,000	Stocks, Bonds, Cash Alternatives, Allowable Funds, Closed End Funds, ETFs, Wrap UITs, CDs, Covered Options	Over 4,000 No-Load, Load Waived, Fee Based and Institutional Share Class Mutual Funds	Non-ERISA Accts only

(1) Limited to 120 trades per calendar year. IAR will be billed SFG's standard ticket charge for each trade after 120 in a calendar year. All option trades will be assessed a ticket charge.

(2) Principal trading is prohibited in Asset Advisor accounts, as is the practice of purchasing syndicate items in a non-advisory account and subsequently journaling the position into an Asset Advisor account. Syndicate items may not be moved from a non-advisory program into an advisory program for a period of 12 months from purchase.

Below are the fees associated with the various wrap fee programs available on the FCC platform.

## Wrap Fee Programs on the FCC Platform – Fees

		Client and Administrative Fees			Manager Fees
		Account Size	Client Fee Range		
UMA	DMA (Diversified Managed Allocations)	First \$0 - \$99,999	1.25% - 2.75%		Based on % of Equity to total portfolio  0% to 24%: 0.40%  25% to 49%: 0.45%  50% to 74%: 0.50%  75% to 100%: 0.55%
		Next \$100,000 - \$249,999	1.25% - 2.75%		
		Next \$250,000 - \$499,999	1.00% - 2.50%		
		Next \$500,000 - \$999,999	1.00% - 2.50%		
		\$1,000,000 and over	1.00% - 2.00%		
SMA	Masters		<u>Equity &amp; Bal</u>	<u>Fixed Inc.</u>	Equity: 50bps  Fixed Income: 30 bps
		First \$0 - \$99,999	1.25% - 2.75%	1.25% - 1.50%	
		Next \$100,000 - \$249,999	1.25% - 2.75%	1.25% - 1.50%	
		Next \$250,000 - \$499,999	1.00% - 2.50%	1.00% - 1.25%	
		Next \$500,000 - \$999,999	1.00% - 2.50%	1.00% - 1.25%	
		Next \$1,000,000	1.00% - 2.00%	0.50% - 1.00%	
		\$2,000,000 and over	Negotiable	Negotiable	
	Private Advisor Network	First \$0 - \$99,999	1.25% - 3.00%		FA negotiates directly with manager
		Next \$100,000 - \$249,999	1.25% - 3.00%		
		Next \$250,000 - \$499,999	1.00% - 2.50%		
		Next \$500,000 - \$999,999	1.00% - 2.50%		
		\$1,000,000 and over	1.00% - 2.50%		
	Wells Fargo Compass		<u>Ind. AA, ETF</u>	<u>Fixed Inc.</u>	Based on Account Value  First \$500,000 - 0.250%  Next \$500,000 - 0.225%  Next \$1,000,000 - 0.200%  Next \$3,000,000 - 0.175%  Next \$5,000,000 - 0.150%  Over \$10,000,000 - none  Note: Fees are blended
		First \$0 - \$99,999	1.00% - 2.50%	1.00% - 1.50%	
		Next \$100,000 - \$249,999	1.00% - 2.50%	1.00% - 1.50%	
		Next \$250,000 - \$499,999	1.00% - 2.00%	1.00% - 1.25%	
		Next \$500,000 - \$999,999	1.00% - 2.00%	1.00% - 1.25%	
		\$1,000,000 and over	1.00% - 1.50%	0.50% - 1.00%	
ETFs	Allocation Advisors		<u>Tactical</u>	<u>Strategic</u>	Strategic/CAAP Foundations - .10%  CAAP Plus/Global - .25%
		First \$0 - \$99,999	1.00% - 2.50%	1.25% - 1.75%	
		Next \$100,000 - \$249,999	1.00% - 2.50%	1.25% - 1.75%	
		Next \$250,000 - \$499,999	1.00% - 2.00%	0.75% - 1.00%	

		Next \$500,000 - \$999,999	1.00% - 2.00%	0.75% - 1.00%	
		\$1,000,000 and over	1.00% - 1.50%	0.50% - .75%	
MFs	FundSource	First \$0 - \$99,999	1.00% - 1.75%		None
		Next \$100,000 - \$249,999	1.00% - 1.75%		
		Next \$250,000 - \$499,999	1.00% - 1.50%		
		Next \$500,000 - \$999,999	1.00% - 1.50%		
		\$1,000,000 and over	Negotiable		
	Pathways	First \$0 - \$99,999	1.00% - 1.75%		None
		Next \$100,000 - \$249,999	1.00% - 1.75%		
		Next \$250,000 - \$499,999	1.00% - 1.50%		
		Next \$500,000 - \$999,999	1.00% - 1.50%		
		\$1,000,000 and over	1.00% - 1.15%		
Non-Disc	CustomChoice	First \$0 - \$99,999	1.00% - 1.75%		None
		Next \$100,000 - \$249,999	1.00% - 1.75%		
		Next \$250,000 - \$499,999	1.00% - 1.50%		
		Next \$500,000 - \$999,999	1.00% - 1.50%		
		\$1,000,000 and over	1.00% - 1.15%		
	Asset Advisor <sup>(1)</sup>	First \$0 - \$99,999	1.00% - 3.00%		None
		Next \$100,000 - \$249,999	1.00% - 3.00%		
		Next \$250,000 - \$499,999	1.00% - 2.50%		
		Next \$500,000 - \$999,999	1.00% - 2.50%		
		\$1,000,000 and over	1.00% - 1.75%		
FA Disc	PIM <sup>(1)</sup>	First \$0 - \$99,999	1.00% - 3.00%		None
		Next \$100,000 - \$249,999	1.00% - 3.00%		
		Next \$250,000 - \$499,999	1.00% - 2.50%		
		Next \$500,000 - \$999,999	1.00% - 2.50%		
		\$1,000,000 and over	1.00% - 1.75%		

(1) Limited to 120 trades per calendar year. Advisor will be billed Summit's standard ticket charge for each trade after 120 in a calendar year. All option trades will be assessed a ticket charge.



Below are descriptions of the various wrap fee programs available on the Pershing platform. For the grids below, ETFs = exchange traded funds, MFs = mutual funds, UITs = unit investment trusts and ETNs = exchange traded notes.

## Wrap Fee Programs on the Pershing Platform – Descriptions

	Program Description	Account Minimum	Eligible Investments	Fees charged to rep/client?
<b>Advisor Investment Management ("AIM")</b>	A discretionary managed account platform. The client receives the benefits of quarterly fee billing, performance reporting and clearing charges inclusive in the fee.	\$25,000	Individual stocks/bonds, mutual funds (including FundVest* NTF Program), covered call options, UITs, ETFs and no-load VAs.	Client fees are inclusive of billing and quarterly reporting, as well as any clearance and execution charges.
<b>Advisor Investment Management Plus ("AIM Plus")</b>	This platform offers the exact services described in AIM above. Admin costs are lower because clearance and execution charges are not included.	\$25,000	Individual stocks/bonds, mutual funds (including FundVest* NTF Program), covered call options, UITs, ETFs and no-load VAs.	Client fees only include billing and quarterly performance reporting, with clearance and execution charges passed directly through to either the client or the advisor.
<b>Summit Elite</b>	A non-discretionary customized fee-based program that provides advisors and their clients with quarterly performance reporting.	\$50,000	Individual stocks/bonds, mutual funds (including FundVest* NTF Program), covered call options, UITs, ETFs and no-load VAs.	Client fees are inclusive of billing and quarterly reporting, with clearance and execution charges passed directly through to the advisor.
<b>Summit Elite Plus</b>	A non-discretionary customized fee-based program that provides advisors and their clients with quarterly performance reporting.	\$50,000	Individual stocks/bonds, mutual funds (including FundVest* NTF Program), covered call options, UITs, ETFs and no-load VAs.	Client fees only include billing and quarterly performance reporting, with clearance and execution charges passed directly through to the client.
<b>BNY Mellon Select</b>	Discretionary mutual fund asset allocation program wherein the client and the advisor select one of three available models provided and managed by MBSC Securities Corporation ("MBSC"). MBSC will present any change(s) to the structure of a model to SFG before the change(s) is/are made. However, you may not be notified in advance of the change being made.	\$50,000	Open-end mutual funds	3 asset allocation models available: conservative growth, moderate growth and long-term growth
	<b>Managed Account Type</b>	<b>Account Minimum</b>	<b>Eligible Investments</b>	<b>Available Strategies</b>
<b>Separately Managed Account</b>	Separately managed account	Typically \$100,000 per	Individual securities	Over 100 money managers and 300 options

		manager		with traditional asset classes (research available on a subset of managers)
<b>Lockwood AdvisorFLEX Portfolios</b>	Lockwood or advisor directed mutual fund/ETF account	\$50,000	Open-end mutual funds, ETFs, ETNs	3 objectives-based strategies; 16 models with traditional and non-traditional asset classes
<b>Lockwood Investment Strategies</b>	Discretionary unified managed account	\$250,000	Individual securities, open-end mutual funds, ETFs, ETNs, closed-end funds	5 models with traditional asset classes (tax-sensitive versions of each model available); 4 models with non-traditional asset classes
<b>Lockwood Asset Allocation Portfolios</b>	Discretionary mutual fund/ETF account	\$50,000	Open-end mutual funds, ETFs, ETNs, closed-end funds	5 models with traditional asset classes
<b>*FundVest Funds</b>				

\*By incorporating mutual funds that are part of Pershing's no-transaction-fee FundVest platform, IARs and their clients get access to over 3,000 mutual funds, managed by more than 200 fund companies, without incurring transaction fees. A complete listing of eligible mutual fund families can be provided by your IAR. FundVest trades are subject to the following minimum purchase criteria and redemption restrictions:

Initial purchase of \$2,500 per non-retirement transaction, with a \$500 purchase minimum for subsequent investments.

Initial and subsequent purchase minimums of \$500 within retirement accounts.

Once the above minimums have been met, systematic investments are subject to a \$100 minimum.

FundVest shares have to be held for 90 days or a short-term redemption fee will apply.

Below are the fees associated with the various wrap fee programs available on the Pershing platform.

## Wrap Fee Programs on the Pershing Platform – Fees

	Sponsor / Office Codes	Client Fee Information	
<b>Advisor Investment Management ("AIM")</b>	Summit	<b>Account Size</b>	<b>Client Fee Range <sup>(2)</sup></b>
	Financial	First \$500,000	1.00% - 3.00%
	Group	Next \$500,000	1.00% - 3.00%
	JN8	\$1,000,000 <sup>(1)</sup> and over	1.00% - 2.50%
<b>Advisor Investment Management Plus ("AIM Plus") <sup>(3)</sup></b>	Summit	<b>Account Size</b>	<b>Client Fee Range <sup>(2)</sup></b>
	Financial	First \$500,000	1.00% - 3.00%
	Group	Next \$500,000	1.00% - 3.00%
	JN9	\$1,000,000 <sup>(1)</sup> and over	1.00% - 2.50%
<b>Summit Elite <sup>(5)</sup></b>	Summit	<b>Account Size</b>	<b>Client Fee Range <sup>(2)</sup></b>
	Financial	First \$250,000	1.00% - 3.00%

	Group	Next \$750,000	1.00% - 3.00%
	JCB	Next \$4,000,000 <sup>(1)</sup>	1.00% - 2.50%
		\$5,000,000 <sup>(1)</sup> and over	1.00% - 2.00%
Summit Elite Plus <sup>(3)(5)</sup>	Summit	<b>Account Size</b>	<b>Client Fee Range <sup>(2)</sup></b>
	Financial	First \$250,000	1.00% - 3.00%
	Group	Next \$750,000	1.00% - 3.00%
	JLE	Next \$4,000,000 <sup>(1)</sup>	1.00% - 2.50%
		Over \$5,000,000 <sup>(1)</sup>	1.00% - 2.00%
BNY Mellon Select	Summit Financial Group QPL	The customer fee range for this account type is not tiered based upon account size	<b>Client Fee Range <sup>(2)</sup></b> 0.60%-2.00%
Separately Managed Account	Summit	<b>Account Size</b>	<b>Client Fee Range <sup>(2)</sup></b>
	Financial	First \$500,000	1.25% - 3.00%
	Group	Next \$500,000	1.25% - 3.00%
	JN6	\$1,000,000 <sup>(1)</sup> and over	1.25% - 2.50%
Lockwood AdvisorFLEX Portfolios	Lockwood	<b>Account Size</b>	<b>Client Fee Range <sup>(2)</sup></b>
	Advisors	First \$500,000	0.60% - 2.00% <sup>(4)</sup>
		Next \$500,000	0.60% - 2.00% <sup>(4)</sup>
	JF2	\$1,000,000 <sup>(1)</sup> and over	0.50% - 1.50% <sup>(4)</sup>
Lockwood Investment Strategies	Summit	<b>Account Size</b>	<b>Client Fee Range <sup>(2)</sup></b>
	Financial	First \$500,000	1.00% - 3.00%
		Next \$500,000	1.00% - 3.00%
	Group	Next \$4,000,000 <sup>(1)</sup>	1.00% - 2.50%
	JN7	\$5,000,000 <sup>(1)</sup> - \$9,999,999	0.75% - 2.00%
		\$10,000,000 <sup>(1)</sup> and over	0.50% - 2.00%
Lockwood Asset Allocation Portfolios	Summit	<b>Account Size</b>	<b>Client Fee Range <sup>(2)</sup></b>
	Financial	First \$500,000	1.00% - 3.00%
		Next \$500,000	1.00% - 3.00%
	Group	Next \$4,000,000 <sup>(1)</sup>	1.00% - 2.50%
	JN7	\$5,000,000 <sup>(1)</sup> - \$9,999,999	0.75% - 2.00%
		\$10,000,000 <sup>(1)</sup> and over	0.50% - 2.00%

- (1) For pricing on amounts significantly in excess of \$1,000,000, please contact your IAR.
- (2) In addition to the fees above, a Performance Link Fee will be charged for fee-based accounts linked to transaction accounts.
- (3) Clearing charges will be equal to amounts reflected on the program's transaction charge schedule.
- (4) For AdvisorFLEX products, total fees paid by client will be equal to the sum of the negotiated fee (per Client Fee Range) and the Administration Fee.
- (5) A \$150 per year administrative fee is charged to these accounts, which fee may be passed through to the client.

Below are descriptions of the various Envestnet wrap fee programs available on the Pershing platform. For the grids below, ETFs = exchange traded funds, MFs = mutual funds, UITs = unit investment trusts and ETNs = exchange traded notes.

## Wrap Fee Programs on the Pershing Platform with Envestnet – Descriptions

Name & Account Number Range	Program Description	Minimum Account Size
<b>Mutual Fund Wrap &amp; Exchange Traded Portfolios (PRD)</b>	The Sigma PMC Mutual Fund Solution Program offers individual investors an actively managed portfolio comprised of carefully selected mutual funds. This mutual fund wrap program includes portfolios managed by Envestnet, using Envestnet's proprietary PMC family of sub-advised mutual funds.	\$50,000
	The PMC Select Mutual Fund Wrap and Portfolios Program offers individual investors an actively managed portfolio comprised predominately of the PMC Funds. Envestnet selects the institutional mutual fund managers to participate in this wrap program.	\$50,000
	The PMC Tactical ETF Solution Program is comprised of seven portfolio models. The five risk based portfolios are fully diversified with a risk tolerance ranging in the efficient frontier. The other two portfolios – The Sector Rotation and Country Rotation portfolios – will use a rotation strategy by sector or by country that tactically invest in US industry sectors and in international markets, respectively. Within the risk based portfolios are risk return categories: Core and Total Return.	Core Equity \$50,000  Core Fixed Income \$25,000  Total Return \$100,000
	The PMC ETF Solution Program offers individual investors a strategically managed portfolio comprised of carefully selected ETFs. Envestnet has a virtually unlimited choice in the ETFs selected. This provides Envestnet the freedom to choose the best solutions available to suit investor needs.	\$25,000
	The PMC UltraShort-Term Fixed Income Portfolio Program is comprised of a diversified group of highly rated short- and ultra-short term bond funds selected by the PMC, and combined to offer a combination of liquidity, yield and quality. Quality is a primary focus of the portfolio, whose constituent holdings will invest in U.S. Government and agency obligations and high quality, short term mortgage-backed securities. The portfolio is not a money market fund, nor is it FDIC insured.	\$25,000
	<b>PMC/Singer Partners Dynamic ETF Portfolios • PMC/Singer Partners Dynamic Fixed Income Portfolio • PMC/Singer Partners Edge Portfolio</b> PMC has partnered with Singer Partners LLC in developing the PMC/Singer Partners Dynamic ETF Portfolios, Dynamic Fixed Income Portfolio and the Edge Portfolio. Singer Partners is a global asset allocation firm that uses a risk-managed, fundamental approach to value a broad set	Dynamic ETF Portfolios \$30,000  Dynamic Fixed Income and Edge Portfolios \$50,000

	of global assets by allocating capital to global assets based upon valuations and market behavior analysis. Singer's approach uses an advanced fundamental and behavioral risk managed process and provides exposure to global asset classes, market sectors, and investment strategies using a broad range of ETFs.	
	The Alternative Investment Solutions Program allows access and comprehensive program support of Envestnet's alternative investment product program.	\$50,000
<b>Separate Accounts (PRB)</b>	Envestnet's Managed Account Solution provides individual investors with direct access to some of the world's leading investment managers, many of whom were once available exclusively to large institutional investors. Also includes access to Envestnet Manager Blends which are portfolios consisting of models from multiple separate account managers for individual style categories. The Managed Account Solution is ideal for clients seeking a long-term, customized, goals-driven approach to investment planning.	Equity & Balanced Portfolios - \$100,000 per manager. Fixed Income Portfolios - \$250,000 per manager. Mutual Funds - typically \$2500 per fund.
<b>Unified Managed Account (PRA)*</b>	Envestnet's Unified Managed Account (UMA) allows advisors to build customized portfolio models using a wide variety of asset classes and to manage multiple client accounts following each model. This investment strategy delivers the benefits of combining traditional separately managed accounts, mutual funds, and ETFs in a single fully-diversified portfolio.	\$150,000 per model allocation
<b>Multi-Manager Account (PRC)</b>	Envestnet's Multi-Manager Account combines the investment expertise of two or more globally prominent asset managers into a single portfolio. This investment strategy delivers the benefits of a traditional separately managed account in a single fully-diversified portfolio. Allows advisors to indirectly access asset managers (using manager trading instructions executed by Envestnet) and the comprehensive program support of Envestnet's MMA Program.	\$250,000 (some minimums may be higher)
<b>Advisor as Portfolio Manager (PRF)*</b>	Envestnet's Advisor as Portfolio Manager solution allows the Financial Advisor to direct his/her own portfolio. These model portfolios are constructed and rebalanced directly by the Advisor using the Envestnet web-based platform. Advisor can select whether the account is discretionary.	\$10,000

**\*Clearing charges will be equal to amounts reflected on the Program's transaction charge schedule.**

By incorporating mutual funds that are part of Pershing's no-transaction-fee FundVest platform, advisors and their clients get access to over 3,000 mutual funds, managed by more than 200 highly regarded fund companies, without incurring transaction fees. A complete listing of eligible Mutual Fund families is conveniently located on NetX360. FundVest trades are subject to the following minimum purchase criteria and redemption restrictions:

Initial purchase of \$2,500 per non-retirement transaction, with a \$500 purchase minimum for subsequent investments.

Initial and subsequent purchase minimums of \$500 within retirement accounts.

Once the above minimums have been met, systematic investments are subject to a \$100 minimum.

FundVest shares have to be held for 90 days or a short-term redemption fee will apply.

Below are the fees associated with the various Envestnet wrap fee programs available on the Pershing platform.

## Wrap Fee Programs on the Pershing Platform with Envestnet – Fees

Client Fee Information		Minimum Annual Account Fee
Separate Accounts (PRB)	Equity & Balanced Portfolios	
	Account Size	Client Fee Range <sup>(1)</sup>
	First \$250,000	1.00% - 3.00%
	Next \$750,000	1.00% - 3.00%
	Next \$1,000,000	1.00% - 2.50%
	Next \$3,000,000	1.00% - 2.50%
	Next \$5,000,000	1.00% - 2.50%
	\$10,000,000 and over	1.00% - 2.50%
	Fixed Income Portfolios	
	Account Size	Client Fee Range <sup>(1)</sup>
	First \$250,000	1.00% - 3.00%
	Next \$750,000	1.00% - 3.00%
	Next \$1,000,000	1.00% - 2.50%
	Next \$3,000,000	1.00% - 2.50%
	Next \$5,000,000	1.00% - 2.50%
	\$10,000,000 and over	1.00% - 2.50%
	Mutual Funds in Separate Account Allocations	
	Account Size	Client Fee Range <sup>(1)</sup>
	First \$250,000	1.00% - 3.00%
	Next \$750,000	1.00% - 3.00%
	Next \$1,000,000	1.00% - 2.50%
	Next \$3,000,000	1.00% - 2.50%
	Next \$5,000,000	1.00% - 2.50%
	\$10,000,000 and over	1.00% - 2.50%
Unified Managed Account (PRA)**	Account Size	Client Fee Range <sup>(1)</sup>
	First \$250,000	1.00% - 3.00%
	Next \$250,000	1.00% - 3.00%
	Next \$500,000 <sup>(1)</sup>	1.00% - 3.00%
	Next \$1,000,000	1.50% - 3.00%
	Next \$3,000,000 <sup>(1)</sup>	1.00% - 2.50%
	Next \$5,000,000 <sup>(1)</sup>	1.00% - 2.50%
	\$10,000,000 and over <sup>(1)</sup>	1.00% - 2.50%

Multi-Manager Account (PRC)	<b>Account Size</b>	<b>Client Fee Range <sup>(1)</sup></b>	\$0.00
	First \$500,000	1.50% - 3.00%	
	Next \$500,000	1.50% - 3.00%	
	Next \$1,000,000 <sup>(1)</sup>	1.50% - 3.00%	
	\$2,000,000 <sup>(1)</sup> and over	1.20% - 2.50%	
Mutual Fund Wrap & Exchange Traded Fund Portfolios (PRD)	<b><i>Sigma PMC Mutual Fund Solution Program</i></b> <b>Account Size / Client Fee Range</b> First \$250,000 1.00% - 3.00% Next \$250,000 1.00% - 3.00% Next \$500,000 1.00% - 3.00% Next \$1,000,000 1.00% - 2.50% Next \$3,000,000 1.00% - 2.50% Next \$5,000,000 1.00% - 2.50% Over \$10,000,000 1.00% - 2.50%		\$200.00
	<b><i>PMC Select Mutual Fund Wrap and Portfolios Program</i></b> <b>Account Size / Client Fee Range</b> First \$1,000,000 1.00% - 3.00% \$1,000,000 and over 1.00% - 2.50%		\$0.00
	<b><i>PMC Tactical ETF Solution Program</i></b> <b>Account Size / Client Fee Range</b> First \$250,000 1.50% - 3.00% Next \$250,000 1.50% - 3.00% Next \$500,000 1.00% - 3.00% Next \$1,000,000 1.00% - 2.50% \$2,000,000 and over 1.00% - 2.50%		\$0.00
	<b><i>PMC ETF Solution Program</i></b> <b>Account Size / Client Fee Range</b> First \$250,000 1.00% - 3.00% Next \$250,000 1.00% - 3.00% Next \$500,000 1.00% - 3.00% Next \$1,000,000 1.00% - 2.50% Next \$3,000,000 1.00% - 2.50% Next \$5,000,000 1.00% - 2.50% \$10,000,000 and over 1.00% - 2.50%		\$125.00
	<b><i>PMC ETF UltraShort-Term Fixed Income Portfolio Program</i></b> <b>Account Size / Client Fee Range</b> First \$1,000,000 1.50% - 3.00% \$1,000,000 and over 1.00% - 2.50%		\$0.00
	<b><i>PMC/Singer Partners Dynamic ETF Portfolios</i></b> <b>Account Size / Client Fee Range</b> First \$250,000 1.00% - 3.00% Next \$250,000 1.00% - 3.00% Next \$500,000 1.00% - 3.00% Next \$1,000,000 1.00% - 2.50% Next \$3,000,000 1.00% - 2.50% \$5,000,000 and over 1.00% - 2.50%		\$0.00
	<b><i>PMC/Singer Partners Dynamic Fixed Income Portfolio</i></b> <b>Account Size / Client Fee Range</b> First \$1,000,000 1.50% - 3.00% \$1,000,000 and over 1.00% - 2.50%		\$0.00
	<b><i>PMC/Singer Partners Edge Portfolio</i></b> <b>Account Size / Client Fee Range</b> First \$1,000,000 1.50% - 3.00% \$1,000,000 and over 1.50% - 2.50%		\$0.00

Advisor as Portfolio Manager (PRF)**	<b>Alternative Investment Solutions Program</b>		\$125.00
	<b>Account Size / Client Fee Range</b>		
	First \$1,000,000 1.50% - 3.00%		
	\$1,000,000 and over 1.00% - 2.50%		
	<b>Account Size</b>	<b>Client Fee Range <sup>(1)</sup></b>	\$0.00
	First \$1,000,000	1.00% - 3.00%	
	Next \$1,000,000	1.00% - 2.50%	
	Next \$3,000,000	1.00% - 2.50%	
	\$5,000,000 and over	1.00% - 2.50%	

<sup>(1)</sup>For amounts significantly in excess of \$1 million, please contact your IAR.

## \*FundVest Funds

\*By incorporating mutual funds that are part of Pershing's no-transaction-fee FundVest platform, IARs and their clients get access to over 3,000 mutual funds, managed by more than 200 highly regarded fund companies, without incurring transaction fees. A complete listing of eligible Mutual Fund families is conveniently located on NetX360. FundVest trades are subject to the following minimum purchase criteria and redemption restrictions:

Initial purchase of \$2,500 per non-retirement transaction, with a \$500 purchase minimum for subsequent investments.

Initial and subsequent purchase minimums of \$500 within retirement accounts.

Once the above minimums have been met, systematic investments are subject to a \$100 minimum.

FundVest shares have to be held for 90 days or a short-term redemption fee will apply.

**\*\*Clearing charges will be equal to amounts reflected on the Program's transaction charge schedule.**

## Other Compensation

The various fee structures of the investment management programs are designed to be comprehensive in nature unless the client has designated the option of the wrap fee plus a charge for each transaction. SBS may participate, both directly and indirectly, in other compensation as a result of its broker-dealer activities. For your information, they are set out generally hereafter.

**Mutual Fund Charges.** To the extent mutual funds are selected to fill components of the overall investment strategy, SFG endeavors to purchase such mutual fund shares at net asset value, no-load or load-waived. Thus, the client will not be subject to any initial distribution cost (front-end sales charge) or redemption fee (back-end sales charge), if any, that might normally be incurred upon the purchase or sale of mutual fund shares. However, SBS may receive 12b-1 fees from the issuers of such mutual funds, and this will be in addition to the advisory fee you pay to SFG.

**Cash and Money Market Funds.** Certain money market, municipal money market and government money market funds pay SBS, in its capacity as a broker-dealer, a distribution fee. This compensation is in addition to other fees received from client accounts. The IARs may also receive additional compensation based on client account balances being held in certain money market funds. Cash balances arising from the sales of securities, redemption of debt securities, dividend and interest payments and funds received from clients are generally invested automatically on a daily basis. When securities are sold, the funds (less any charges) are generally credited on the first business day after trade date. Due to the foregoing practices, SFG realizes some economic benefit because of the delay in investing these funds.



*Directed Brokerage.* SFG may direct that its affiliate, SBS, handle transactions as necessary for the investment implementation of any programs used. SBS may receive compensation for handling such transactions. SFG believes that using SBS to handle necessary transactions is both beneficial and cost efficient to the client. While not a requirement of participating as a registered investment advisor, investment manager or sub-manager for clients of SFG or any programs offered, some registered investment advisors, investment managers and sub-advisors utilized by SFG may have other advisory clients who custody assets through SFG with the custodian. As a result of such relationship, SFG may receive fees based on transactions executed in such accounts.

## Item 5 – Account Requirements and Types of Clients

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In general, a minimum of \$10,000 is required to open and maintain a wrap fee program account, and that will vary based on account type, as listed in the grids above. At our discretion, we may waive the minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing the amount of your assets managed in accounts held at SFG. Where appropriate, we may also consider account values for your minor children, your spouse, and other types of related accounts in an effort to meet the stated minimum.

SFG offers investment advisory services to many types of clients including individuals, pension, profit sharing and other employer sponsored plans, trusts, estates, charitable organizations, corporations, and other business entities.

## Item 6 – Portfolio Manager Selection and Evaluation

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SFG provides portfolio management services through its wrap fee programs. In some cases, SFG IARs may manage the portfolios. SFG IARs providing management services may not have a history of performance to match against other individuals and management firms. Thus, the IARs providing advice are not subject to the same selection and review process that would occur if third party money managers were being evaluated.

When securing the services of third party money managers, SFG will generally recommend and use the services of managers it has researched and with whom we are familiar. Therefore, third party money managers having better or worse performance may not be considered. A third party money manager will only be recommended to you when that third party money manager's strategy fits with your individual investment objectives and risk tolerance. The third party money manager's performance, like that of investment performance, is reviewed periodically by your IAR and discussed with you.

### **Advisory Business**

As previously stated in Item 4, *Services, Fees and Compensation*, SFG offers both discretionary and non-discretionary wrap fee programs. SFG's IARs will assist you in determining the suitability of a wrap fee program for you based on a review of your unique situation. A wrap fee program is a program under which investment advisory services and brokerage execution services are provided for a single comprehensive or "wrapped" annual fee. This fee is not based on the transactions that occur in the

account, but rather on the account value. The fees are charged quarterly, in advance. The fees are negotiable (within established ranges) between you and your IAR. Your IAR is compensated through this fee. Typically, the fee will be deducted directly from your account. However, with SFG's prior approval, you may have the option to pay your advisory fees from a different account or by check. If you have approval to pay your advisory fees from another account or by check, the fees must still be paid by you by the payment due date.

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

SFG does not charge performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or appreciation of your assets. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in Item 4 – *Services, Fees and Compensation*, and are not charged on the basis of performance of your wrap fee program account.

### **Methods of Analysis, Investment Strategies and Risk of Loss**

When employing various methods of analysis and investment strategies, your IAR will incorporate your needs and investment objectives, as well as your time horizon and risk tolerance. Your IAR is not bound to specific methods of analysis or investment strategies for the management of investment portfolios, but rather, as previously stated, he/she will consider your unique situation and all information gathered at the account opening, as well as changes to your financial picture over time.

The methods of analysis and investment strategies utilized may have unique and significant tax implications. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

#### *Methods of Analysis*

In analyzing securities, we may use a wide array of available information obtained from various sources we believe to be reliable. These sources may include the following.

- Reputable financial publications
- Research materials prepared by other companies
- Annual reports
- Prospectuses and various other SEC filings
- Company press releases
- Other research material provided to SFG (and/or its affiliates) by its various business partners

#### *Investment Strategies*

Examples of methodologies that our investment strategies may incorporate include the following. There is no guarantee that our investment strategies will ensure a profit or protect against loss.

- *Asset Allocation* – this is a broad term used to define the process of selecting a mix of

asset classes and the efficient allocation of capital to those asset classes by matching rates of return to a specified and quantifiable tolerance for risk. There is no guarantee that asset allocation will ensure a profit or protect against loss.

- *Strategic Asset Allocation* – this is a type of asset allocation that calls for setting target allocations and periodically rebalancing your portfolio back to those targets.
  - *Tactical Asset Allocation* – this is a type of asset allocation that allows for a range of percentages in each asset class. Thus, it is possible that a slight form of market timing may take place since there could be a move toward the higher end of the range when a particular asset class is expected to do well, and to the lower end of the range when the outlook for that asset class is bleak.
- *Diversification* – this is a method to assist in reducing risk by investing in a variety of different asset classes that typically do not move up and down in perfect synchrony. There is no guarantee that diversification will ensure a profit or protect against loss.
- *Dollar-Cost Averaging* – this is the technique of buying a fixed dollar amount of securities at regularly scheduled intervals, regardless of the price per share. This will gradually, over time, decrease the average share price of the security. Dollar-cost averaging lessens the risk of investing a large amount in a single investment at the wrong time. However, there is no guarantee that dollar-cost averaging will ensure a profit or protect against loss.
- *Technical Analysis* – this involves studying past price patterns and trends in the financial markets in an attempt to predict the direction of the overall market and/or specific stocks or sectors. There is no guarantee that technical analysis will ensure a profit or protect against loss.
- *Long Term Purchase* – this is a securities purchase with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year, and as long as ten or more years. There is no guarantee that holding a security for the long term will be profitable or that it will not result in a loss.
- *Short Term Purchase* – this is a securities purchase with the expectation the shares will be sold within a relatively short period of time, generally less than one year, to take advantage of the security's short term price fluctuations. There is no guarantee that holding a security for the short term will be profitable or that it will not result in a loss.
- *Margin Transactions* – this is a securities transaction in which the investor borrows money to purchase a security, in which case the security serves as collateral on the loan. Investing on margin carries additional risk. Your account must be reviewed and approved for this type of activity prior to engaging in it, and the review process will include an evaluation of your current financial picture as well as your overall investment experience. Only certain investment management accounts are eligible for investing on margin. Applicable margin interest applies, and more information will be provided to

you if and when you intend to engage in this type of transaction.

#### *Risk of Loss*

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services, methods of analysis or investment strategies can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met or that your account value will appreciate in value. Past performance is in no way an indicator or predictor of future results.

#### **Voting Client Securities**

It is generally not our policy to vote proxies. However, with respect to those accounts for which it has voting authority in accordance with client instructions, and in a manner in which we believe to be in the best interests of our clients, we may allow proxy voting. SFG generally votes in accordance with the recommendations of the issuer's existing management, unless it is not prudent to do so. A written copy of the proxy policies and procedures is available upon request.

### **Item 7 – Client Information Provided to Portfolio Managers**

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When you establish an account with SFG, certain paperwork will be required. This paperwork may request, among other things, your annual income, net worth, risk tolerance, investment objectives, investment experience, tax bracket, age and employment status. The information on this account paperwork is retained by SFG and also shared with the respective clearing firm (FCC or Pershing as appropriate) and may also be shared with any third party money manager responsible for managing your account. As your financial and/or individual situation changes and you provide updated information to your IAR, that updated information will be shared appropriately with the proper clearing firm and third party money manager(s).

### **Item 8 – Client Contact with Portfolio Managers**

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Generally, you will not have any direct contact with a third party money manager acting as portfolio manager for your account. If your IAR acts as the portfolio manager for your account, you will have contact with him/her.

### **Item 9 – Additional Information**

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#### **Disciplinary Information**

On July 12, 2011, the Pennsylvania Securities Commission accepted our Offer of Settlement in which we

proposed a settlement of an alleged violation of the Pennsylvania Securities Act of 1972. Without admitting or denying the allegations, we agreed to pay an administrative penalty of \$21,500 for failing to register one IAR in the Commonwealth of Pennsylvania. We further agreed to comply with the Pennsylvania Securities Act of 1972, in particular Section 301 thereof.

### **Other Financial Industry Activities and Affiliations**

Management persons at SFG are also registered representatives of SBS, and each carries one or more of the following licenses:

FINRA Series 7 – General Securities Representative  
FINRA Series 9 – General Securities Sales Supervisor – Options Module  
FINRA Series 24 – General Securities Principal  
FINRA Series 4 – Options Principal  
FINRA Series 27 – Financial and Operational Principal  
FINRA Series 53 – Municipal Securities Principal  
FINRA Series 55 – Limited Representative Equity Trader  
FINRA Series 63 – Uniform Securities Agent State Law Exam  
NASAA\* Series 65 – Investment Advisors Law Exam  
NASAA\* Series 66 – Uniform Combined State Law Examination

\*NASAA stands for North American Securities Addministrators Association.

As previously disclosed under Item 4, *Services, Fees and Compensation*, SFG is a wholly-owned subsidiary of SBS, which is a wholly-owned subsidiary of Summit Financial Services Group, Inc., which is a wholly-owned subsidiary of RCS Capital Corporation. Also as previously disclosed, SBS is SFG's broker-dealer affiliate.

Our IARs are also registered representatives ("RRs") of SBS and will recommend SBS to clients for brokerage services, which may include various insurance products. These dually-registered individuals are subject to applicable rules that restrict them from conducting securities transactions away from SBS unless SBS provides the individual with written authorization to do so. Therefore, these individuals are generally limited to conducting securities transactions through SBS. It may be the case that SBS charges higher transactions costs and/or custodial fees than other broker-dealers charge for the same types of transactions. If transactions are executed through SBS, these dually-registered individuals (in their separate capacity as RRs of SBS) may earn commission-based compensation as a result of placing the recommended securities transactions through SBS. This commission based compensation is separate and in addition to the fees you pay for the advisory services you receive from your IAR through SFG.

This presents a material conflict of interest because your IAR may have an incentive to effect securities transactions for the purpose of generating commission rather than basing his/her recommendations solely on your needs and objectives. We mitigate this conflict of interest by monitoring the appropriateness of the recommendations your IAR/RR makes to you. You may utilize the broker-dealer of your choice, and you have no obligation to purchase or sell securities through SBS. However, if you do not use SBS, we may not be able to accept your account and therefore, you may not be able to work with our dually-registered individual (IAR/RR) on your account.

Below we have laid out the organization of Summit Financial Services Group, Inc., and all of its affiliates.

## RCS Capital Corporation as the Parent Company of SFG and Indirect Owner of SFG

- RCS Capital Corporation
  - Summit Financial Services Group, Inc. (Parent Company)<sup>1</sup>
    - Summit Brokerage Services, Inc. ("SBS")<sup>2</sup>
      - **Summit Financial Group, Inc.3 ("SFG")**<sup>3</sup>
      - Summit Holding Group, Inc. ("SHG")<sup>4</sup>
      - SBS Insurance Agency of Florida, Inc. ("SBS of FL")<sup>5</sup>
        - SBS of California Insurance Agency, Inc. ("SBSC")
        - SBSI Insurance Agency of Texas, Inc. ("SBSI")
    - Summit Capital Group, Inc.<sup>6</sup>

<sup>1</sup>Financial services holding company

<sup>2</sup>Operating subsidiary that: (a) provides a broad range of securities brokerage and investment services to primarily individual investors; (b) sells insurance products through its subsidiary, SBS of FL (and SBS of FL's subsidiaries, SBSC and SBSI); and (c) provides asset management and other investment advisory services through its subsidiary, SFG

<sup>3</sup>Engaged in the business of asset management and other investment advisory services

<sup>4</sup>Inactive subsidiary

<sup>5</sup>SBS of FL and its listed subsidiaries are engaged in the business of selling insurance products, predominantly fixed and variable annuities and life insurance.

<sup>6</sup>Engaged in the business of investment banking

We have contracts with various third party money managers who are also registered investment advisors that offer fee based advisory programs. These third party money managers are not affiliated with us; however, they pay us a portion of the fees you pay to them, and a portion of what we receive is then paid to your IAR. This is considered a material conflict of interest as the cost of placing your assets with one of these third party money managers may be higher than placing your assets in one of our other available investment management programs. You are under no obligation to utilize a third party money manager your IAR recommends.

Some individuals who are registered representatives of SBS own and operate their own independent registered investment advisers which are registered either with the SEC or the appropriate state jurisdiction(s). In this case, this individual will provide you with the disclosure brochure (Form ADV Part 2A) for his/her independent registered investment advisor and his/her brochure supplement (Form ADV Part 2B) as appropriate. Some of our IARs may be registered with SFG and another independent registered investment advisor. In this case, the IAR will provide you with the disclosure brochure (Form ADV Part 2A) and his/her brochure supplement (Form ADV Part 2B) for whichever registered investment advisor you are engaging, whether SFG or the independent registered investment advisor. The services may be similar, yet are independent of the advisory services offered to you by SFG.

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

SFG's Code of Ethics includes guidelines for professional standards of conduct for all of our IARs as well as all home office employees (collectively "Associated Persons"). All Associated Persons must acknowledge their receipt and understanding of the Code of Ethics upon association with SFG, and annually thereafter. Our goal is to protect client interests at all times and to demonstrate our

commitment to fiduciary duties of honesty, good faith and fair dealing. All of SFG's Associated Persons are expected to strictly adhere to these guidelines. Associated Persons of SFG are also required to report any violations of our Code of Ethics. Additionally, the firm maintains and enforces written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about our clients or client accounts by Associated Persons of our firm.

SFG and its agents will seek to ensure that Associated Persons do not personally benefit from the short-term market effects of its investment recommendations. From time to time, Associated Persons may purchase securities that are also acquired on behalf of clients and are placed in their Managed Accounts. To prevent conflicts of interest, all employees of SFG must comply with SFG's Code of Ethics which imposes restrictions on the purchase or sale of securities from their own accounts and the accounts of certain other Associated Persons.

The Code of Ethics requires that all trades made by Associated Persons of SFG who make recommendations or participate in the determination of which recommendations shall be made, will require review for all securities transactions by the designated person responsible (except transactions in investment company securities and/or other exempt transactions). SFG will also maintain quarterly or monthly reports on all personal securities transactions, except transactions in investment company securities and/or other exempt transactions. Further, the Code of Ethics imposes certain policies and procedures concerning the misuse of material non-public information that are designed to reasonably prevent insider trading by any officer, partner, or other Associated Person of SFG.

SFG's Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting our Compliance Department at (800) 226-2660.

### **Review of Accounts**

The IAR servicing the account will conduct periodic reviews of the account. IARs may meet with clients as frequently as is agreed upon or as is requested by the client or IAR. In most cases, a meeting of some kind will occur at least annually. Your IAR must extend to you the opportunity to discuss your account(s) on at least an annual basis. At this meeting, or at other times as appropriate, your IAR should note any updates or changes to your financial situation, goals and objectives.

Accounts are managed on a continuous basis and are reviewed at several intervals. Accounts are approved by an appropriate designated supervisory principal ("DSP"). Trades are reviewed by an appropriate DSP to identify issues or activity which may require further research and/or action.

Statements are provided to the client from the custodian at least quarterly if there was no activity within the account, and monthly if there was activity. Additionally, clients may receive a quarterly performance report. Confirmations of all buys and sells will be sent to the client by the applicable custodian unless the client opts to suppress confirmations, where this option is made available. We strongly urge you to carefully review your statements and transaction confirmations and immediately contact your IAR with any questions or issues.

Additional monitoring of accounts will be provided by SFG. We may also review your advisory account when one of our auditors, or other appropriate staff member, visits your IAR's branch office location. This visit may be to conduct a routine audit, or for another reason as deemed appropriate. We will also review your advisory account if we receive a complaint from you regarding your advisory account.

## **Client Referrals and Other Compensation**

### *Solicitor Arrangements*

On a limited basis, SFG may utilize the services of solicitors for client referrals. All such arrangements are conducted under the terms specified in a solicitation agreement, which is executed between SFG and the individual acting as solicitor, prior to any such referral taking place. In a case where a solicitor refers a client to us, a portion of your advisory fee may be paid to that solicitor. At the time of your referral, your solicitor will provide you with a document which discloses the terms of his/her solicitor agreement with us. This document will include important information regarding his/her compensation under the solicitation agreement.

### *Registration Arrangements*

Our IARs are also registered representatives (“RRs”) of SBS and will recommend SBS to clients for brokerage services, which may include various insurance products. The amount of commissions for the sale of these products is not dictated by SFG, but rather by the applicable product sponsor. The commissions as well as other sales charges and expenses related to the product are disclosed in the product’s prospectus, which you will receive at or prior to the time you purchase the product. When your IAR executes general securities transaction for you, he/she may receive commissions based upon those transactions. You may be able to have these transactions executed elsewhere at a lower cost to you. You are under no obligation to execute your brokerage transactions with SBS.

## **Financial Information**

We have no financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our clients, and we have never been the subject of a bankruptcy petition.

Below is the audited balance sheet for Summit Brokerage Services, Inc., and Subsidiaries, for fiscal year ending December 31, 2013. This balance sheet conforms to generally accepted accounting principles, and was audited by an independent public accountant.



**Summit Brokerage Services, Inc., and Subsidiaries**  
**Fiscal year ending December 31, 2013**

**ASSETS**

Cash and cash equivalents	\$ 8,506,797
Deposits held at clearing brokers	128,867
Commissions receivable and other, net	1,542,846
Notes receivable, net	694,330
Other receivables, net	495,809
Securities owned, at fair value	3,379
Prepaid expenses	1,456,757
Property and equipment, net	401,705
Goodwill	500,714
Other assets	74,776
<b>Total assets</b>	<b><u>\$ 13,805,980</u></b>

**LIABILITIES AND STOCKHOLDER'S EQUITY**

**Liabilities**

Accounts payable and accrued expenses	\$ 2,284,368
Accrued commissions expense	2,343,279
<b>Total liabilities</b>	<b><u>4,627,647</u></b>

**Commitments and contingencies**

**Stockholder's equity**

Common stock, par value \$0.0001 per share; authorized 60,000,000 shares; 1 share issued and outstanding	-
Additional paid-in capital	14,823,529
Unearned stock-based compensation	(1,264,820)
Accumulated deficit	(4,380,376)
<b>Total stockholder's equity</b>	<b><u>9,178,333</u></b>
<b>Total liabilities and stockholder's equity</b>	<b><u>\$ 13,805,980</u></b>