

Item 1 – Cover Page

Brokers International Financial Services, LLC

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Date of Brochure: March 31, 2014

This brochure provides information about the qualifications and business practices of Brokers International Financial Services, LLC (“Brokers Financial”). If you have any questions about the contents of this brochure, please contact us at (877)-886-1939 or at compliance@brokersifs.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Brokers International Financial Services, LLC is a registered investment adviser. While registration is required under law, registration of an investment adviser or broker-dealer does not imply any specific level of skill or training.

Additional information about Brokers International Financial Services, LLC is available on the SEC’s website at www.adviserinfo.sec.gov and on FINRA’s website at www.finra.org/brokercheck

Item 2 – Material Changes

On July 28, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that Brokers Financial provides to clients as required by applicable rules and regulations. This Disclosure Brochure dated March 31, 2014 is a new document prepared according to the new requirements and rules. This item will discuss only specific material changes that are made to the Disclosure Brochure and provide readers with a summary of such changes. We will also reference the date of the last annual update of the brochure.

In the past our Firm has offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new rules, we will ensure that you receive a summary of any material changes to this and subsequent Disclosure Brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes no later than April 30 each year. At that time we will also offer a copy of the most current Disclosure Brochure. We may also provide other ongoing disclosure information about material changes as necessary.

The following summarizes the material changes made to the Brokers Financial brochure since June 18, 2013:

1. Item 5 Fees and Compensation

Retirement Ally Program –

Brokers Financial IARs may recommend no load variable annuities from Jefferson National. In conjunction with the purchase, Brokers Financial is engaged by the client as a Third Party Investment Adviser (TPIA) to manage investment sub-accounts contained within the purchased variable annuity product according to Retirement Ally strategies. The investment choices are limited to the investment sub-accounts which comprise the variable product. Jefferson National completes the performance reporting, billing and collection of fees and remits the fees attributed to the investment management to Brokers Financial. Brokers Financial does not take custody of client assets for this program, the assets are held directly at Jefferson National.

2. Item 5 – Advisory Business

Brokers Financial discontinued the agreement with Artesa Financial Group, LLC to serve as a Sub-Adviser through the FMA Program

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Item 4 – Advisory Business

Brokers Financial is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”) and the Financial Industry Regulatory Authority (FINRA) as a securities broker-dealer. The company was created as a Limited Liability Company formed under the laws of the State of Iowa.

- Our Company is owned and controlled by the managing member of the Limited Liability Company, Brokers International, Ltd. Brokers International, Ltd. is an insurance agency that markets disability insurance, long-term care, life insurance and annuities on a wholesale basis to unaffiliated party insurance agents.
- We have been registered as an investment adviser with the SEC since October 2008.

Our investment adviser representatives (IARs) are not employees of Brokers Financial, they are independent contractors.

Our IARs are restricted to providing services and charging fees based in accordance with the descriptions detailed in this document. However, the exact services you will receive and the fees you will be charged are dependent upon your Brokers Financial IAR. Fees may also vary depending on the geographic location of our clients and/or your IAR. Brokers Financial IARs are instructed to consider the individual needs of each client when recommending an advisory service.

General Description of Primary Advisory Services

The following are brief descriptions of our company’s primary services. A detailed description of these services is provided in Item 5 – Fees and Compensation so that clients and prospective clients can review the services and description of fees in a side-by-side manner.

Financial Planning Services - We provide advisory services in the form of financial planning services. Financial planning services do not involve the active management of client accounts, but instead focuses on a client’s overall financial situation. Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning, and other areas. The role of a Financial Advisor in providing financial planning services is to find ways to help the client understand his/her overall financial situation and help the client set financial objectives.

Hourly Consulting Services – We provide advisory services in the form of hourly consulting services. Hourly consulting services do not involve the active management of client account, but instead focuses on the client’s overall financial situation. Hourly consulting services can be described as advice regarding tax planning, asset allocation, risk management, retirement planning and other areas. The role of the IAR is to tailor the services to the needs of the client based on the investment objective chosen by the client. The IAR makes recommendations as to general types of investment products or securities that may be appropriate for the client to consider, and may also provide recommendations regarding specific investments or securities.

Financial Planning Seminars – We provide advisory services in the form of financial planning seminars. Financial planning seminars may include topics related to wealth management, financial planning,

retirement strategies or various other economic and investment topics. Information presented will not be based on any one person's needs and individualized investment advice will not be provided to attendees during the seminar. Attendees are encouraged to have individual consultations with the IAR and to have a financial plan prepared but are under no obligation to do so. The IAR may receive approval to conduct financial planning seminars for corporate employees.

Retirement Plan Consulting Services – We provide advisory services in the form of retirement plan consulting services. We offer retirement consulting services to employee benefit plans and their fiduciaries. The services are designed to assist the plan sponsor (the “Company”) in meeting its management and fiduciary obligations to the plan under ERISA. Retirement consulting services will consist of general or specific advice, and may include any one or all of the following:

1. Platform Provider Research and Plan Set-up
2. Strategic Planning and Investment Policy Development/Review
3. Plan Review
4. Plan Fee and Cost Review
5. Acting as a Third Party Service Provider Liaison
6. Assessment of Plan Investments and Investment Options
7. Plan Participant Education and Communication
8. Plan Benchmarking
9. Plan Conversion to New Vendor Platform
10. Assistance in Plan Merger
11. Investment Manager Search

The Company may also engage us to provide a review of executive benefits, for separate compensation.

We will determine with the Company in advance the scope of the services to be performed and the fees for all requested services. Prior to engaging us to provide retirement consulting services, the Company will be required to enter into a written agreement with us setting forth the terms and conditions of the engagement, describing the scope of the service to be provided, and the relevant fees and fee paying arrangements. We will also provide additional disclosures about their services and fees, where required by ERISA. When we perform the agreed upon services, we will not be required to verify the accuracy or consistency of any information received from the Company. We will serve in a nondiscretionary ERISA fiduciary capacity with respect to some but not all of the services that we provide which will be further explained in the written agreement we sign with the Company. The Company is always free to seek independent advice about the appropriateness of any recommendations made by us.

Asset Management Services - We provide advisory services in the form of Asset Management Services. Asset Management Services involve providing clients with continuous and on-going supervision over client accounts. This means that we will continuously monitor a client's account and make trades in client accounts when necessary.

Outside Money Managers – We also provide advisory services by referring clients to outside, or unaffiliated, money managers that are registered or exempt from registration as investment advisers. Under this service the third-party money managers will be responsible for continuously monitoring client accounts and making trades in client accounts when necessary.

Specialization

The Firm specializes in providing individualized investment advice through its asset management services.

Limits Advice to Certain Types of Investments

Our Firm provides investment advice on the following types of investments.

- No-Load (i.e. no trading fee) and Load-Waived (i.e. trading fee waived) Mutual Fund Shares
- Exchange-listed securities (i.e. stocks)
- Securities traded over-the-counter (i.e. stocks)
- Fixed income securities (i.e. bonds)
- Closed-End Funds and Exchange Traded Funds (ETFs)
- Foreign Issues
- Warrants
- Corporate debt securities (other than commercial paper)
- Futures contracts on tangibles or intangibles,
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- United States government securities
- Options contracts on securities
- Interests in partnerships investing in real estate, oil and gas interests

Brokers Financial does not provide advice on options contracts on commodities, or hedge funds and other types of private (i.e. non-registered) securities.

When providing Asset Management Services, the Firm will typically construct each client's account holdings using mutual funds and equities to build diversified portfolios. It is not the Firm's typical investment strategy to attempt to time the market but we may increase cash holdings modestly as deemed appropriate, based on your risk tolerance and our expectations of market behavior.

We may modify our investment strategy to take in to consideration situations like: low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)

Participation in Wrap Fee Programs

We offer services through both wrap-fee programs and non-wrap fee programs.

- A wrap fee program is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services

(which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions.

- A non-wrap fee program traditionally includes individual transaction charges and other service charges in addition to any investment advisory fee that is charged.
- Whenever a fee charged to a client for services described in this brochure (whether wrap fee or non-wrap fee), Brokers Financial will receive all or a portion of the fee charged.

Tailor Advisory Services to Individual Needs of Clients

Our services are always provided based on the individual needs of each client. This means, for example, that you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. IARs will work with each client on a one-on-one basis through interviews and questionnaires to determine the client's investment objectives and suitability information. Accounts are managed as directed by each client in the completion of their individual Investment Policy Statements.

Model Portfolios

When managing client accounts through the Firm's Asset Management Services program, we may manage a client's account in accordance with one or more investment models. When client accounts are managed using models, investment selections are based on the underlying model and we do not develop customized (or individualized) portfolio holdings for each client. However, the determination to use a particular model or models is always based on each client's individual investment goals, objectives and mandates.

Client Assets Managed by Brokers Financial

The amount of clients assets managed by Brokers Financial totaled \$158,632,422 as of December 31, 2013. \$26,255,619 is managed on a discretionary basis and \$132,376,803 is managed on a non-discretionary basis.

Item 5 – Fees and Compensation

In addition to the information provided in Item 4 – Advisory Business, this section provides additional details regarding our Firm's services along with descriptions of each service's fees and compensation arrangements.

Advice Incidental to Brokerage Service

Brokers Financial is a dually registered broker-dealer and investment adviser. The primary business activity of Brokers Financial is acting as a securities broker-dealer. When acting as a securities broker-dealer the Firm may provide securities related advice to brokerage clients, which is incidental to brokerage services for which no special compensation is received other than the customary and usual commissions paid by customers for brokerage services.

Brokerage services and this incidental advice are provided by individuals who are Registered Representatives of Brokers Financial. Clients only receiving brokerage services from Brokers Financial, including those receiving incidental securities advice from broker-dealer Representatives are not considered to be investment advisory clients.

Investment Advisory Services and Fee Arrangements

Genworth Financial Wealth Management Program

We have entered into a contract with Genworth Financial Wealth Management ("Genworth"), an SEC registered investment adviser firm, to provide services through the Genworth Program. Through this program, Brokers Financial' IARs may provide asset allocation advice through the Genworth management programs based on the client's individual personal and financial goals, investment objectives, and risk tolerance.

Your IAR will assist you in selecting a suitable investment portfolio and asset allocation strategy that will be used by the program sponsor to properly allocate your assets in the investment portfolio. The Brokers Financial' IAR will provide initial and ongoing education concerning the asset allocation strategy you may select, explain the rebalancing guidelines utilized with the investment allocation strategy selected, and meet with you periodically to discuss changes in your investment objectives and risk tolerance.

The Genworth Program has two components from which you may select. Under both components, your adviser representative has no discretionary authority.

The first component includes the Mutual Fund & Variable Annuity and Exchange Traded Funds (ETFs) programs. Through these programs, clients are provided advice with respect to the selection of allocation models provided by a group of independent investment strategists.

In this program the Genworth investment strategists:

- have no direct relationship with Brokers Financial or our clients,
- make no analysis of the clients' circumstances or objectives, and
- do not tailor the models to any specific client's need.

The second component is the Privately Managed Account Program. For Accounts invested in this program, we will provide non-discretionary advice to clients with respect to the selection of independent investment managers to provide investment management services. The independent investment managers will provide discretionary management of individual portfolios of equity and/or fixed income securities by making transactions within your account without contacting you prior to placing the transaction. Accounts through this component can be established as Individually Managed Accounts or a Consolidated Managed Account.

The minimum investment required in the Genworth Program is generally \$50,000 for Mutual Fund and Variable Annuity Accounts and \$100,000 for ETF and Privately Managed Accounts. Accounts below these minimums may be accepted on an individual basis at the discretion of Brokers Financial and/or Genworth.

Genworth charges clients who participate in these services a fee based on a percentage of the value of the client's assets subject to these services.

The fees for services provided by Genworth may **not** exceed:

- 1.90% annually for Mutual Fund and Variable Annuity accounts;
- 1.55% annually for ETF and Individually Managed Accounts; and

- 1.80% annually for Consolidated Managed Account.

Fees charged to clients by Genworth will be shared with Brokers Financial and your IAR.

Fees are negotiable, so you should discuss with your IAR the fee appropriate for the proposed services. Additional fees for third party and separately managed accounts may be determined by the Multi-Manager Platform sponsor. Fees charged to clients by Genworth will be shared with Brokers Financial and your IAR.

Investors participating in the Genworth Program will receive monthly account statements (quarterly in Variable Annuity Accounts) and quarterly reports showing the investment performance of their Account. You will also receive a confirmation for all transactions placed your Account and you are free to terminate participation in the program and retain or liquidate any assets in your Account at any time. Under the Genworth program Brokers Financial and our IARs do not have the authority to transact any purchase or sale of securities in your Account, change the model portfolio or direct the Account to be invested in any manner other than as previously authorized by you.

A complete description of the Genworth Program and related fees and charges will be disclosed to the client in the Genworth Appendix 1 of Form ADV Part 2 WRAP Fee Account Disclosure Brochure, which will be provided to you prior to, or at, the time your Account is established. All clients must execute an agreement for services with Genworth. The agreement will include a schedule detailing the exact fee charged to the individual client including the amount of the fee paid to us.

Arrangement with BridgePortfolio®

Brokers Financial has entered into a written arrangement with BridgePortfolio® to provide certain administrative and back-office functions for client accounts that are established through TD Ameritrade for the Brokers Financial Wrap Fee Program, Retirement Ally Program and the FMA Program. Under this agreement, BridgePortfolio® services that may be provided to Brokers Financial include, but are not necessarily limited to: due diligence assistance, performance and/or position reports for client accounts, calculation and deduction of management fees, trading of client accounts, and other back-office support.

BridgePortfolio® will not have direct contact or require any signed advisory agreements with our clients. However, as a part of the client's standard agreement with Brokers Financial they will be granted limited power of attorney on your account in order to enter transactions, when applicable, and in order to deduct advisory fees directly from your account. The BridgePortfolio® fee for providing services to Brokers Financial is based upon the total assets held within our client accounts. BridgePortfolio® will retain a portion of the Program's Fixed Cost (described below). Our use of the services provided by BridgePortfolio® does not result in an increase to your overall management fee.

Brokers Financial Wrap Program

Our Firm has developed and sponsors the Brokers Financial Wrap Program. The Brokers Financial Wrap Program is a traditional wrap-fee account. Only IARs of Brokers Financial may serve as portfolio managers in Brokers Financial Wrap Program. Therefore, participants in Brokers Financial Wrap Program must be advisory clients of Brokers Financial and sign a Brokers Financial Wrap Program client agreement prior to establishing an account(s).

Under Brokers Financial Wrap Program, Brokers Financial provides investment advisory services defined as giving continuous investment advice and making investments for you based on your individual needs. Through this service, your IAR will assist you with developing a strategy that is appropriate to your investment objectives, financial situation, time horizon, tax status, and investment risk tolerance. Services are provided on a non-discretionary basis which means you must approve all transactions in Brokers Financial Wrap Program account(s).

Brokerage transactions implemented through Brokers Financial Wrap Program are typically processed by Brokers Financial, in its capacity as a full service introducing broker-dealer, and then cleared through Pershing, LLC, a registered broker-dealer member FINRA/SIPC. Pershing and Brokers Financial are not affiliated. In addition to being the clearing and trade execution broker-dealer, Pershing maintains custody of Brokers Financial Wrap Program accounts. For accounts held on the Pershing Platform you will be required to establish a brokerage account through us and held at Pershing.

As an alternative you may also establish a brokerage account through TD Ameritrade. In these situations, TD Ameritrade will serve as the broker-dealer and qualified custodian. Brokers Financial will serve in an advisor-only capacity. Accounts opened through TD Ameritrade will typically be charged a higher overall management fee than accounts opened through our Firm through our relationship with Pershing.

The maximum fee charged in the Brokers Financial Wrap Program is 2.85%.

The annual management fee charged for Brokers Financial Wrap Program is negotiable. As a result, clients with similar assets may have different fee schedules. We may discount the Brokers Financial Wrap Program fee below standard minimum fee ranges to customers meeting certain criteria, such as:

- having investment relationships with Brokers Financial or its affiliates, or
- having an immediate family member that is a Brokers Financial IAR.
- The Firm may also discount its Brokers Financial Wrap Program fees for competitive reasons or upon the request of a prospective or current client.

The fees charged to clients that participate in the Brokers Financial Wrap Program will be shared by Brokers Financial and your IAR.

Brokers Financial will provide each client the exact percentage fee based on both the nature and total dollar asset value of that account(s). The fee will be stated in the Client Fee Schedule which must be signed by you and accepted by Brokers Financial. For accounts established through Pershing, management fees are calculated and billed quarterly in arrears based on the value of the client's account(s) at the end of the quarter. For accounts established through TD Ameritrade, management fees are calculated and billed quarterly, in advance, based on the value of the client's account(s) at the end of the prior quarter.

Fees charged by Brokers Financial may be more or less than fees charged by other financial firms offering similar services. In addition fees charged for the Brokers Financial Wrap Program may be more or less than if you paid execution costs separate from advisory services.

The Brokers Financial Wrap Program management fee will cover all commissions, prime broker fees, and any other transaction fees relating to the execution of securities transactions within your accounts.

Brokers Financial Wrap Program services may be terminated in accordance with the termination provisions stipulated in the Brokers Financial Wrap Program client agreement. For accounts established through Pershing accounts, services will be terminated without penalty and the client shall be billed a final quarterly fee that is pro-rated based on the amount of time remaining in the quarter. For accounts established through TD Ameritrade accounts, services will be terminated without penalty and the client will receive a pro-rated refund of any fees paid in advance but not fully earned by Brokers Financial. The refund will be based on the number of days remaining in the quarter after notice of termination is received.

This section is intended as a summary of Brokers Financial Wrap Program. Clients contracting for Brokers Financial Wrap Program will receive the Form ADV Part 2A: Appendix 1 – Wrap Fee Program Brochure/Brokers Financial Wrap Fee Program which provides detailed information regarding Brokers Financial Wrap Program.

Retirement Ally Program

Our Firm has developed and sponsors the Retirement Ally Program. The Retirement Ally Program is a traditional wrap-fee account. Only IARs of Brokers Financial may provide advisory services within the Program. Therefore, participants in the Retirement Ally Program must be advisory clients of Brokers Financial.

The Retirement Ally Program is a professionally managed mutual fund and exchange-traded fund (“ETF”) asset allocation program in which Brokers Financial and its IARs provide ongoing investment advice and management. The IAR selects a model portfolio of funds (“Portfolio”) designed by Brokers Financial (“Portfolio Strategist”) consistent with the client’s stated investment objective. The IAR provides ongoing investment advice on the selection or replacement of a Portfolio based on the client’s individual needs. The Portfolio Strategist is responsible for selecting the mutual funds and ETFs within a portfolio and for making changes to the funds selected. Your IAR will not have trading authorization over your Program accounts. However, the Portfolio Strategist will have discretion to buy and sell securities in the account according to the Portfolio selected. This authority will allow Brokers Financial to determine the type of securities and the amount of securities bought or sold for your account without obtaining your consent prior to each transaction. You will authorize Brokers Financial to have discretion by executing the Account Agreement and Application.

For accounts managed through the Program, Brokers Financial requires clients to use TD Ameritrade which shall serve as the client’s broker-dealer and qualified custodian. In order to participate in the Program you will need to name Brokers Financial as your investment adviser on the account.

The maximum fee charged in the Retirement Ally Program is 2.85%.

The annual management fee charged for the Retirement Ally Program is negotiable and as a result clients with similar assets may have difference fee schedules. The fees charged to clients that participate in the Brokers Financial Wrap Program will be shared by Brokers Financial and your IAR.

Brokers Financial will provide each client the exact percentage fee based on both the nature and total dollar asset value of that account(s). The fee will be stated in the Client Fee Schedule which must be signed by you and accepted by Brokers Financial. Management fees are calculated and billed quarterly, in advance, based on all investments held or connected with the account and include money market and cash balances.

Fees charged by Brokers Financial may be more or less than fees charged by other financial firms offering similar services. In addition fees charged for the Retirement Ally Program may be more or less than if you paid execution costs separate from advisory services.

The Retirement Ally Program management fee covers Brokers Financial advisory services and all trade execution fees charged by TD Ameritrade. Therefore, clients are not charged transaction fees separately from the program fee.

Brokers Financial IARs may recommend no load variable annuities from Jefferson National. In conjunction with the purchase, Brokers Financial is engaged by the client as a Third Party Investment Adviser (TPIA) to manage investment sub-accounts contained within the purchased variable annuity product according to Retirement Ally strategies. The investment choices are limited to the investment sub-accounts which comprise the variable product. Jefferson National completes the performance reporting, billing and collection of fees and remits the fees attributed to the investment management to Brokers Financial. Brokers Financial does not take custody of client assets for this program, the assets are held directly at Jefferson National.

The Retirement Ally Program services may be terminated in accordance with the termination provisions stipulated in the Retirement Ally Program client agreement. Upon any termination of the a Retirement Ally Program account, services will be terminated without penalty and the client will receive a pro-rated refund of any fees paid in advance but not fully earned by Brokers Financial and the IAR. The refund will be based on the number of days remaining in the quarter after notice of termination is received.

This section is intended as a summary of the Retirement Ally Program. Clients contracting for the Retirement Ally Program will receive the Form ADV Part 2A: Appendix 1 – Wrap Fee Program Brochure/Retirement Ally Program which provides detailed information regarding the Retirement Ally Program.

Brokers Financial Flexible Managed Account Program

With the Brokers Financial Flexible Managed Account Program (FMA Program) IARs provide investment supervisory and management services defined as providing continuous investment advice based on the client's individual needs on a non-discretionary basis. Each transaction must be approved by you, the client.

If you decide to participate in FMA Program once an Investment Management Agreement is signed, the IAR will assist you with the establishment of an account ("Account"). Adviser-driven accounts managed through the FMA Program must be established through one of two brokerage platforms, Pershing or TD Ameritrade. For accounts established at Pershing, LLC, Brokers Financial serves as the introducing broker-dealer and will be cleared and held at Pershing, LLC which acts as the qualified custodian. For accounts established at TD Ameritrade, a registered broker-dealer and member of the Securities Investor Protection Corporation (SIPC), TD Ameritrade serves as the qualified custodian. In order to participate in the FMA Program you will need to name Brokers Financial as your investment adviser on the account.

Accounts in the FMA Program are managed based on each client's financial situation and investment objectives. At least quarterly (or more frequently as needed) clients should notify their IAR if their financial situation or investment objectives have changed, or if they want to impose and/or change any reasonable

restrictions on the management of their account. Your IAR will contact you at least once each year to verify the information you have previously provided or determine if your financial situation or investment objectives has changed, or if you want to impose and/or change any reasonable restrictions on the management of your account.

Brokers Financial IARs are reasonably available to consult with you relative to the status of your account. Since all accounts are non-discretionary you have the ability to impose restrictions on the management of the Account, including the ability to instruct your IAR not to purchase certain securities.

A client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian but rather represents a direct and beneficial interest in the securities which comprise the account. You retain ownership of your Account (e. g. right to refuse transactions, withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

Our IARs generally recommend the use of mutual funds and/or Exchange Traded Funds (ETFs) within the managed account. However, IARs may also recommend and will buy, sell, exchange, convert, and otherwise trade in any and all mutual funds, stocks, bonds, and other securities consistent with investment analysis, interpretations, and judgments designed to seek an investment return that is reasonable considering the investment objectives and goals of each individual client.

In order to determine a suitable course of action for an individual client, our IARs will perform a review of each client's financial circumstances. This review may include, but would not necessarily be limited to, investment objectives, consideration of the client's overall financial condition, income and tax status, personal and business assets, risk profile, and other factors unique to the client's particular circumstances. Your IAR will design, revise, and reallocate (on a non-discretionary basis) your custom portfolio. Investments are determined based upon your investment objectives, risk tolerance, net worth, net income, age, time horizon, tax situation and other various suitability factors. Our Firm manages the client accounts on an individualized basis. Any restrictions, limitations and guidelines you impose may affect the composition and performance of custom portfolios (as a result, performance of custom portfolios within the same investment objective may differ and you should not expect that the performance of your custom portfolios will be identical to any other individual's portfolio performance).

Selection of Sub-Advisers

Depending on your individualized needs, the Brokers Financial IAR may utilize the services of Sub-Advisers when formulating asset allocation, industry and sector selection, and individual investment recommendations in constructing and maintaining custom portfolios. All or a portion of the client's assets may be managed by and among the recommended Sub-Advisers based upon your stated investment objectives. The terms and conditions under which you would engage a Sub-Adviser will be explained in separate written agreements between you and Brokers Financial and you and the designated Sub-Adviser. If it is decided that your account should be managed by a Sub-Adviser you will generally not have any day to day contact with the Sub-Adviser. All communications between you and the Sub-Adviser will be handled by your Brokers Financial IAR.

The recommendation of a Sub-Adviser is contingent on the Sub-Adviser passing the due diligence requirements of our Firm. We will not recommend the use of a Sub-Adviser unless the Sub-Adviser is registered or exempt from registration as an investment adviser in the client's home state. We will evaluate Sub-Advisers based on extensive information they provide, including descriptions of its

investment process, asset allocation strategies, sample portfolios, and the Sub-Adviser's Form ADV, Part II. We will also analyze performance, risk characteristics and management style.

Currently, Brokers Financial has approved the following investment advisers to serve as Sub-Advisers through the FMA Program: Dorsey Wright & Associates, Inc. doing business as Dorsey Wright Money Management; Foresight Investment Advisors, LLC.; and Capital Market Consultants, LLC.

The recommendation of a Sub-Adviser by a Brokers Financial' IAR is done on non-discretionary basis with the specific terms outlined in the Investment Management Agreement. This means the client will have the final authority to hire or fire a Sub-Adviser. Such decisions must be made in writing. However, the company reserves the right to add or remove Sub-Advisers from the FMA Program's platform. This means that we retain the authority to remove a Sub-Adviser from the platform without prior notice to you.

When a Sub-Adviser is selected to manage all or a portion of your assets in the FMA Program, a sub-account, along with the required paperwork, will be established through TD Ameritrade. If your assets in the FMA Program are partially managed by a Sub-Adviser recommended by us and partially managed by your IAR, each party will manage their portion of the client assets as divided in separate underlying sub-accounts.

Through the FMA Program, Dorsey Wright, Capital Market Consultants, and Foresight Investment Advisors primarily serve as a strategist. This means they will not have direct access to manage your account but they will develop model portfolios that your IAR may recommend to you. BridgePortfolio® (described below) will implement trades, on a discretionary basis, in accounts using portfolios developed by Dorsey Wright, Capital Market Consultants, or Foresight Investment Advisors.

Your IAR will provide information received from you to the Sub-Advisers selected, including your financial and personal profile as well as any applicable questionnaires and/or investment policy statements, or other similar documents. As a part of the agreement signed between you and the Sub-Advisers you are providing them with investment discretion to exercise discretionary trading authority for the day to day management of your accounts. A copy of the Sub-Advisers Form ADV Part II or similar disclosure brochure will be provided to you at the time you sign an agreement.

FMA Program Fees

Clients in the FMA Program pay a single annualized fee, based upon a percentage of the market value of all FMA Program assets, for advisory services provided in the FMA Program. The services provided by the FMA Program may cost clients more or less than purchasing such services separately. The maximum fee charged for the FMA Program shall not exceed 2.85% annually. The program fee includes two components: the Fixed Costs and the management fee paid to your IAR.

The annual Fixed Cost on assets is .10% for account established through Pershing and .20% for accounts established through TD Ameritrade.

For accounts utilizing a Sub-Adviser, the annual Fixed Cost on assets up to \$1 million is up to 1.05%. The fee for assets between \$1,000,001 and \$2,500,000 is up to .70%; \$2,500,001 and \$3,500,000 is up to .49%; and up to .36% for assets of \$3,500,001 and above.

Fixed Costs are used to pay the various parties responsible for providing services through the FMA Program. These parties include Brokers Financial for its operational and compliance functions, BridgePortfolio, and the Sub-Advisers selected.

The portion of the advisory fee charged by a Brokers Financial IAR will vary by representative. However, Brokers Financial IARs may not charge fees that result in the total fee of the FMA Program exceeding 2.85% annually.

Brokers Financial IARs may negotiate fees with individual clients based on the client's individual financial situation, complexity, knowledge, and assets under management. The specific fee charged to each client for the FMA Program will be outlined in, or attached to, the Investment Management Agreement.

The annual management fee will be agreed upon in advance and will be paid directly from the available funds held in your account on a calendar quarterly basis. For accounts established through Pershing, management fees are calculated and billed quarterly in arrears based on the value of the client's account(s) at the end of the quarter. For accounts established through TD Ameritrade, management fees are calculated and billed quarterly, in advance, based on the value of the client's account(s) at the end of the prior quarter. Each client participating in the FMA Program through accounts established at TD Ameritrade, must authorize BridgePortfolio® to instruct TD Ameritrade to deduct each outstanding management fee from their account and to include on each quarterly statement the amount of advisory fees paid for that time period. Upon a client's request, we will provide an accounting of the manner in which a particular fee was calculated. When deemed appropriate by Brokers Financial a Sub-Adviser may be granted authority by the client to deduct the portion of the advisory fee due them in providing services to the account.

Fees charged for the Brokers Financial FMA Program may be more or less than fees charged by other financial firms offering similar services.

Other Fees

Brokerage fees and/or transaction ticket fees charged by Pershing or TD Ameritrade are separate from the annual management fee and will be billed directly to your account. Brokers Financial will not receive any portion of these commissions or fees from Pershing, TD Ameritrade or the client. In addition, you may incur certain charges imposed by third parties other than Brokers Financial in connection with investments made through the account, including but not limited to, mutual fund sales loads or commissions (although Brokers Financial will typically only use No-Load or Load Waived Mutual Funds in these accounts), 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, and IRA and qualified retirement plan fees. Management fees charged by us are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus.

Term of Agreement and Termination

The Investment Management Agreement between you and Brokers Financial will, subject to the additional terms contained therein, be effective for a period of one year beginning the date the agreement is signed by you and accepted by Brokers Financial. On each anniversary date, the agreement will be automatically extended for an additional one year period unless, at least 30 days prior to that date, either party notifies the other in writing its intent to terminate the agreement at the expiration of the existing

term. In addition, you and/or Brokers Financial may terminate the Agreement during an existing term by giving written notice and subject to an alternative agreement reached by the parties the termination date will be the third business day following receipt of the termination notice by the recipient party.

Upon any termination, however effected, Brokers Financial will direct the liquidation or transfer of the account as directed by the client and the disbursement of the monetary value of the account(s), net of any transfer or other handling charges incurred in connection with the account transfer. In addition, if directed by the client the account(s) assets can be distributed to the client either partially or wholly in kind. Brokers Financial shall use its best efforts to liquidate or transfer each account, following proper receipt of notice, by the close of the business day immediately preceding the designated date of disbursement.

Termination of the agreement does not relieve the client of their responsibilities resulting from any sales, exchanges or any other transactions entered prior to the receipt of the written notice of termination. For TD Ameritrade accounts, services will be terminated without penalty and the clients will receive a refund on a pro-rated basis of any portion of any unearned prepaid management fees after the deduction of any outstanding fees or securities handling charges incurred in the transfer of the account(s) to a substitute custodian.

Financial Planning Services

We may offer financial planning services for a fixed fee or hourly fee basis as negotiated between you and your adviser representative and depending on the complexity of the services requested, the amount of research required to provide the services, and the complexity of the financial plan. Fees are negotiable and are charged in accordance with the fee schedule below. The financial planning advisory agreement is considered fulfilled, and therefore terminated upon presentation of the financial plan to you.

Brokers Financial' IARs may charge a fixed fee of up to \$15,000 for the creation of a Financial Plan. The fee may be paid at the time you sign the financial planning agreement or one-half of the fee may be collected at the time the financial planning agreement is signed with the remaining one half of the balance due at the time of presentation of the financial plan. We will not charge more than \$500 six or more months in advance.

Our IARs may also charge for financial planning services based on an hourly fee of up to \$500 per hour. The hourly fee charged to a client will depend on many factors including but not limited to: the complexity of the client's situation and the adviser representative providing advice. The fee may be payable as invoiced by Brokers Financial.

Your IAR will provide each client with an estimate of the number of hours anticipated to be required to provide the services requested by the client upon execution of the financial planning agreement. Our Firm does not impose a minimum client net worth or income level for financial planning services.

For hourly consulting services, clients pay an hourly charge, up to a maximum of \$300 per hour as negotiated between the IAR and the client. The client may elect to pay the fee upon execution of the client agreement or at the time of consultation with the IAR.

Clients should understand that the financial planning or hourly consulting fee the client negotiates with the IAR may be higher than fees charged by other investment advisors for similar services. This is the case, in particular, if the fee is at or near the maximum fees set out above. The IAR is responsible for determining the fee to charge each client based on factors such as total amount of assets involved with the relationship, the complexity of the planning services, and the number and range of supplementary

advisory and client-related services to be provided. Clients should consider the level and complexity of the planning services to be provided when negotiating the fee with the IAR.

For financial planning and hourly consulting services you may terminate your agreement within five (5) business days of execution without penalty. After five (5) business days of entering into the advisory agreement, you may still terminate your agreement upon our receipt of your written notice to terminate. You will be responsible for any work completed by the IAR in providing the advisory services or analyzing your particular situation. While financial planning services are prepared with the intention of you implementing recommendations made within the plan through Brokers Financial you are in no way obligated to do so.

Retirement Plan Consulting Services

The IAR will determine whether to bill the Company for retirement plan consulting services at a pre-determined hourly rate, a fixed fee or based upon a percentage of Plan assets. Fees may be billed quarterly in advance or in arrears. In special circumstances other fee paying arrangements may be negotiated. The above referenced terms will be disclosed in the client agreement we sign with the Company.

The Company may terminate the written agreement they signed with us within five days of the execution date without penalty. Thereafter, the written agreement may be terminated by us or the Company at any time upon 60 days prior written notice. Upon termination, we will deliver a final billing statement for unbilled work performed prior to termination, and the Company will have a period of 30 days within which to deliver payment. If we bill the Company in advance and if the termination of the client agreement occurs after the first five days, our fee will be credited back to the Company on a pro-rata basis for the unused portion of the billing period. When we calculate the credit, we will subtract any unbilled work we performed for the Company prior to termination.

Each IAR negotiates their own fee schedule based on the fee schedules outlined below:

- Fixed fee: Based on the scope of services agreed upon in engagement, reasonable in light of geographical locations, complexity of engagement, size of Plan, and other relevant factors.
Range: \$5,000 - \$100,000
- Hourly fee: Based on estimate of hours needed as provided in engagement (Company must approve in writing hours above original engagement); reasonable in light of geographical location, complexity of engagement, size of Plan, and other relevant factors.
Range: \$50 - \$300 per hour
- Basis Points: Based on specific assets levels in Plan at dates provided in the engagement.

Range: \$0 - \$20,000,000	10-100 bps of AUM
\$20,000,001 - \$40,000,000	5-50 bps of AUM
\$40,000,001 and above	3-25 bps of AUM

Referrals to Third-Party Investment Advisers

Brokers Financial also acts as a solicitor and refers clients to unaffiliated third-party investment advisers offering asset management and other investment advisory services. As a result, we are paid a portion of the fee charged and collected by the third-party investment adviser in the form of solicitor fees or consulting fees. Each solicitation arrangement is performed pursuant to a written solicitation agreement and is in compliance with SEC Rule 206(4)-3 and applicable state securities rules and regulations.

Your IAR will assist you with identifying your risk tolerance and investment objectives. Our IARs will recommend third-party investment advisers in relation to your stated investment objectives and risk tolerance. You may select a recommended third-party investment adviser based upon your individual needs. In order to participate in this service you will be required to enter into an agreement directly with the unaffiliated third-party investment adviser who will provide asset management services.

Your IAR will be available to answer questions you may have regarding your account and act as the communication conduit between you and the third-party investment advisers. Third-party investment advisers may obtain discretionary authority from you to determine the securities to be purchased and sold for your account. Brokers Financial and our IARs will not have any trading authority with respect to your managed account with the third-party investment adviser(s).

Third-party managed programs generally have account minimum requirements that will vary from investment adviser to investment adviser. Account minimums are generally higher on fixed income accounts than equity based accounts. A complete description of the third-party investment adviser's services, fee schedules and account minimums will be disclosed in the third party investment adviser's Form ADV, Part 2A Appendix 1 Disclosure Brochure, or similar Disclosure Brochure which will be provided to clients at the time an agreement for services is executed and account is established. The format and frequency of client reporting will vary depending upon the selected third-party investment adviser.

The actual fee charged for this service will also vary depending on the third-party investment adviser utilized, but will generally not exceed 2.85% of the your assets under management on an annual basis. The portion retained by Brokers Financial in the form of solicitor fees or consulting fees will not exceed 2.50%. The fee retained by Brokers Financial is negotiable based on factors such as the complexity of services provided and the client's assets under management.

You may incur additional charges including but not limited to, mutual fund sales loads (commissions), 12b-1 fees and surrender charges, and IRA and qualified retirement plan fees. Brokers Financial will not receive any portion of these additional commissions or fees. We are only compensated by the portion of the solicitor/consulting fee described above. We receive no other compensation in connection with a client's account. When we are able to negotiate lower fees and expenses charged by third parties, all negotiated improvements are for the clients' benefit.

While Brokers Financial consistently reviews the performance of numerous third-party investment adviser firms, we will only approve a select number of third-party investment advisers available to its IARs. Third-party investment advisers recommended by Brokers Financial must be registered or exempt from registration in the state where the client resides.

Please be aware that your IAR may have a conflict of interest by only offering those third-party investment advisers that have agreed to pay a portion of their advisory fee to Brokers Financial. It is possible that there may be other third-party managed programs that may be suitable to the client that may be more or less costly. No guarantees can be made that your financial goals and objectives will be achieved. Further, no guarantees of performance can be offered. All investments involve risk, including the possible loss of principal.

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

Item 6 of the Form ADV Part 2 instructions is not applicable to this Disclosure Brochure because Brokers Financial **does not charge or accept performance-based fees** which can be defined as fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

Item 7 – Types of Clients

Brokers Financial generally provides investment advice to the following types of clients:

- Individuals
- High-Net Worth Individuals
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

You will be required to execute an agreement for services in order to establish a client arrangement with our Firm and/or the sponsor of third-party money manager platforms.

Minimum Investment Amounts Required

Third-party managed programs generally have account minimum requirements that will vary from investment adviser to investment adviser.

The standard minimum investment accepted by Genworth is \$50,000 for mutual fund and variable annuity accounts and \$100,000 for ETF accounts. Any reduction in those stated minimums is done only with prior permission of both Genworth and Brokers Financial.

The minimum investment amount for the Brokers Financial Wrap Program is \$25,000. Exceptions to this minimum may be granted at the discretion of Brokers Financial.

The minimum investment amount for the Brokers Financial Flexible Managed Account is \$25,000. Exceptions to this minimum may be granted at the discretion of Brokers Financial.

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

Brokers Financial uses the following methods of analysis in formulating investment advice.

Brokers Financial IARs use various methods of analysis and investment strategies. Methods and strategies will vary based on the Brokers Financial IAR providing advice. Models and strategies used by one adviser representative may be different than strategies used by other IARs. Some Brokers Financial IARs may use just one method or strategy while other IARs may rely on multiple. Brokers Financial does not require or mandate a particular investment strategy be implemented by its IARs. Further, Brokers Financial has no requirements for using a particular analysis method and our IARs are provided flexibility (subject to Brokers Financial's supervision and compliance requirements) when developing their investment strategies. The following sections provide brief descriptions of some of the more common methods of analysis and investment strategies that are used by our IARs.

Fundamental - A method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors

(like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

Technical - A method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Brokers Financial uses the following investment strategies when managing client assets and/or providing investment advice.

Long term purchases. Investments held at least a year.

Short term purchases. Investments sold within a year.

Tactical asset allocation. Allows for a range of percentages in each asset class (such as Stocks = 40-50%). These are minimum and maximum acceptable percentages that permit the investor to take advantage of market conditions within these parameters. Thus, a minor form of market timing is possible, since the investor can move to the higher end of the range when stocks are expected to do better and to the lower end when the economic outlook is bleak.

Strategic asset allocation. Calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a "buy and hold" strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client's goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter.

Use of Primary Method of Analysis or Strategy

Brokers Financial primary method of analysis or strategy are Fundamental Analysis and Technical Analysis Some of the risks involved with using this method include listed below.

Brokers Financial primary strategy involves frequent trading of securities. The frequent trading of securities may have a positive or negative impact on investment performance. Performance from active trading can be lowered due to an increase in brokerage and other transaction costs.

Primarily Recommend One Type of Security

Brokers Financial does not primarily recommend only one type of security.

Risk of Loss

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients (including you) should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual

funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our Firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When our Firm invests in an ETF or mutual fund, it will bear additional expenses based on its pro rata share of the ETFs or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.

- **Management Risk** – Your investment with our Firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

Item 9 – Disciplinary Information

April 4, 2012 – Regulatory Action Initiated by the Financial Industry Regulatory Authority.

On April 4, 2012 Brokers Financial submitted a Letter of Acceptance, Waiver and Consent (AWC) to the Financial Industry Regulatory Authority (FINRA) for the purpose of settling alleged rule violations. Brokers Financial entered into the AWC without admitting or denying the findings and was censured and fined \$16,000 for failing to make timely filings or making inaccurate filing for reportable events under FINRA and NASD Rules, deficient written supervisory procedures, and allowing an individual to be associated with the Firm who had become disqualified from FINRA registration related to a felony conviction due to a motor vehicle violation.

Item 10 – Other Financial Industry Activities and Affiliations

Brokers Financial is **not** and does **not** have a related company that is a:

- (1) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund),
- (2) other investment adviser or financial planner,
- (3) futures commission merchant, commodity pool operator, or commodity trading advisor,
- (4) banking or thrift institution,
- (5) accountant or accounting firm,
- (6) lawyer or law firm,
- (7) pension consultant,
- (8) real estate broker or dealer, or
- (9) sponsor or syndicator of limited partnerships.

As previously stated in this document, Brokers Financial’ principal business is that of a securities broker-dealer. Brokers Financial spends in excess of 65% of its time on securities brokerage business. Brokers Financial engages primarily in the sales of equities, bonds, mutual funds and variable products.

Material arrangements with related entities - in addition to being a dually registered broker-dealer and investment adviser, Brokers Financial is licensed as an insurance agency. IARs of Brokers Financial will normally have a contract relationship with that agency and solicit Clients to purchase insurance. Products sold by IARs in their capacity as insurance agents or brokers will generally involve first year commissions significantly higher than those of adviser program fees.

Participation or Interest in Client Transactions - in addition to its investment adviser business, Brokers Financial is a registered broker-dealer. Through its broker-dealer representatives Brokers Financial transacts business in a variety of securities products. Most of these products generate compensation in the form of commissions to both the representative and to Brokers Financial.

Brokers Financial is a wholly owned subsidiary of Brokers International, LTD. (“Advisor’s Owner” or “BI”). BI is an insurance agency that wholesales disability insurance, long-term care, life insurance and

annuities to third-party insurance agents. BI is not registered as an investment advisor or securities broker-dealer. Brokers Financial IARs may also be employees of BI and/or may be licensed as insurance agents.

Third-Party Money Managers

As described in Item 4 – Advisory Business and Item 5 – Fees and Compensation, Brokers Financial has formed relationships with independent, third-party money managers.

Brokers Financial may recommend that clients work directly with third-party money managers. When we refer clients to a third party money manager, you need to know that our Firm will receive a portion of the fee charged by the third party money manager. Therefore, we have a conflict of interest in that we will only recommend third party money managers that will agree to compensate our Firm by paying us a portion of the fees billed to your account managed by the third party money manager.

Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading

Code of Ethics Summary

Company Code of Ethics Pursuant to Rule 204A-I (the "Rule") adopted by the Securities and Exchange Commission under the Investment Advisors Act of 1940 (the "Act"), Brokers Financial a Registered Investment Adviser under the Act, has adopted a Code of Ethics (the "Code"). The Code of Ethics (i) sets forth the Firm's obligations and those of its supervised persons to avoid any actual or potential conflict of interest with a client to ensure compliance with securities laws and (ii) requires Brokers Financial' employees and IARs to periodically report their personal securities transactions and holdings and to obtain the Firm's approval before investing in an initial public offering or private placement. The Code of Ethics does not intend to prohibit personal securities activities by the Firm's supervised persons, but rather prescribes rules to prevent actual and apparent conflicts of interest by those individuals who have access to information regarding the securities activities of, and recommendations provided to the Firm's clients. While it is not possible to define and prescribe all-inclusive rules addressing all possible situations in which conflicts of interest may arise, the Code of Ethics sets forth the Firm's general policy regarding conduct in situations when conflicts of interest may exist. The Code of Ethics for Brokers Financial IARs contains the specific rules and procedures pertaining to the personal securities transactions and services and is available to advisory clients and prospective clients. Clients may receive a copy of our Code of Ethics upon request.

Affiliate and Employee Personal Securities Transactions Disclosure

Brokers Financial is and shall continue to be in compliance with The Insider Trading and Securities Fraud Enforcement Act of 1988. Brokers Financial and our associated persons may buy or sell for their personal accounts, investment products identical to those recommended to clients. It is the express policy of Brokers Financial that no associated person of our Firm may purchase or sell any security prior to a transaction being implemented for an advisory account, and therefore, preventing such associated persons from benefiting from transactions placed on behalf of advisory accounts. The Firm monitors this activity by a periodic review of all associated persons Personal Securities Transactions in accordance with our supervisory procedures.

A conflict of interest may arise if the IAR or associated person and a client own or trade in the same or similar security. The price at which an order is executed can vary significantly and may present a conflict of interest.

SEC regulations and Brokers Financial policies require that the client receive the best price and most favorable execution reasonably possible. In a situation where orders are entered for both the IAR or associated person and client accounts for substantially the same security, Brokers Financial will execute the IAR's or associated person's order only after the client's order has been executed. Entering an order for the IAR's benefit before soliciting orders from clients potentially violates "front-running" standards. Therefore, Brokers Financial reserves the right to prohibit solicited client orders from which an IAR might directly or indirectly benefit for up to 48 hours after an IAR's trade is entered.

Brokers Financial IARs or associated persons have an obligation to submit orders so that the resulting price to the customer is as favorable as possible under prevailing market conditions.

Item 12 – Brokerage Practices

Clients are under no obligation to act on the financial planning recommendations of Brokers Financial. If the Firm assists in the implementation of any recommendations, we are responsible to ensure that the client receives the best execution possible.

Brokers Financial IARs may also be registered representatives of Brokers Financial in our capacity as a securities broker-dealer. Advisory clients may have commission-based Brokers Financial brokerage accounts for which Brokers Financial IARs will serve as registered representative. Registered representatives of Brokers Financial are required to use the services of Brokers Financial and its approved clearing broker-dealers when acting in their capacity as registered representatives. Brokers Financial serves as the introducing broker-dealer. All accounts established through Brokers Financial as a broker-dealer will be introduced to Pershing, LLC. for transaction execution, transaction clearance and account custodial services.

As a securities broker-dealer Brokers Financial has a wide range of approved securities products for which we have performed due diligence prior to our selection. Our registered representatives are required to adhere to these products when implementing securities transactions through Brokers Financial. Commissions charged for these products may be higher or lower than commissions clients may be able to obtain if transactions were implemented through another broker-dealer.

For accounts managed through the Brokers Financial Flexible Managed Account Program utilizing a Sub-Adviser and the Retirement Ally Program, Brokers Financial requires clients to use TD Ameritrade which shall serve as the client's broker-dealer and qualified custodian. The recommendation of TD Ameritrade is based on past experiences, minimizing commissions and other costs as well as offerings or services the broker-dealer provides that Brokers Financial or the client may require or find valuable such as online access. Clients may pay commissions higher than those obtainable from other broker-dealers in return for those products and services. Commission and fee structures of various broker-dealers are periodically reviewed to ensure clients are receiving best execution. Accordingly, while Brokers Financial will consider competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. Therefore, the overall services provided by the broker-dealer are evaluated to determine best execution.

While there will not be a direct linkage between the investment advice provided by Brokers Financial and TD Ameritrade, economic benefits may be received that would not be received if Brokers Financial did not use these services to implement the investment advice provided. These benefits may include, but not necessarily be limited to: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk; the ability to have investment advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; receipt of compliance publications; and access to mutual funds that generally require significantly higher minimum initial investments or are generally only available to institutional investors.

Clients should consider that in light of Brokers Financial limited approved trading platforms for advisory accounts and the fact that only some of the approved trading platforms may accommodate the investment strategy recommended by the client's IAR, that our IARs are limited in their ability to obtain the best execution price and lowest execution costs for each transaction or the product with the lowest internal expenses. Therefore, clients may pay higher commissions or trade execution charges through the trading platforms approved by Brokers Financial than through platforms that have not been approved by Brokers Financial as trading platforms for investment advisory accounts.

Not all investment advisers restrict or limit the broker-dealers their clients can use. Some investment advisers permit their clients to select any broker-dealer of the client's own choosing.

Genworth Financial Wealth Management Program

Brokers Financial offers its client participation in the Genworth Financial Wealth Management Program, an asset allocation program more fully described in the Sponsor's ADV Part 2A Appendix I. Model portfolios composed by independent investment strategists are offered under the program, with the different models designed to satisfy a range of risk/return assumptions. The independent strategists have no relationship with Brokers Financial or the client, make no analyses of the client's needs or objectives, and do not tailor any model to fit any individual client's needs.

Brokers Financial assists the clients in selecting model portfolios that best suit their individual investment objectives. The client then specifically directs the account to be invested in accordance with the chosen model portfolio. When the client selects the Model Portfolio the client further directs the account to be automatically adjusted to reflect any adjustment in the model portfolio by the investment strategist. This client authorization would result in the purchase or sale of certain securities without further authorization by the client.

The client receives confirmation of all transactions in the account and is free to terminate their participation in the account or to retain or dispose of any assets in the account at any time. Brokers Financial has no authority to cause any purchase or sale of securities in any client account or to change the model portfolio or direct the account to be invested in any manor other than previously authorized by the client.

Handling of Trade Errors

Brokers Financial has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of Brokers Financial to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any

gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and any loss resulting from the trade error will be absorbed by Brokers Financial if the error was caused by the Firm. If the error is caused by the broker-dealer, the broker-dealer will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will remain in the client's account unless the same error involved other client account(s) that should also receive the gains and it is not permissible for all clients to retain the gain. Brokers Financial may also confer with clients to determine if the client should forego the gain (e.g., due to tax reasons).

For trade errors occurring in Brokers Financial/Pershing accounts, Brokers Financial may retain gains resulting from correcting a trade error that are not retained by the client and in some instances may use such gains to offset overall losses Brokers Financial incurs from trading errors.

For trade errors occurring in TD Ameritrade accounts, TD Ameritrade may maintain gains resulting from correcting a trade error that are not retained by the client and in some instances may use such gains to offset overall losses Brokers Financial incurs from trading errors.

Block Trading Policy

Transactions implemented by Brokers Financial for client accounts are generally affected independently, unless the Firm decides to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by the Firm when Brokers Financial believes such action may prove advantageous to clients. When Brokers Financial aggregates client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among the Firm's clients in proportion to the purchase and sale orders placed for each client account on any given day. When Brokers Financial determines to aggregate client orders for the purchase or sale of securities, including securities in which Brokers Financial may invest, the Firm will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* It should be noted, Brokers Financial does not receive any additional compensation or remuneration as a result of aggregation.

Item 13 – Review of Accounts

Account Reviews and Reviewers

BI Financial Services requires at least annual contact between IARs and their asset management clients. The purpose of the contact is to discuss changes in client's financial status, investment policy statement, investment objectives, and trading strategy to ensure the advisory program they are invested in continues to be an appropriate investment advisory services option. Review of the trading activity and addressing any question the client(s) may have should be part of this review.

Additional reviews may be caused by a change in client circumstances or client request. Securities held in accounts managed by Brokers Financial are monitored periodically. The client's IAR is responsible for reviewing accounts on behalf of Brokers Financial.

Financial planning services terminate upon presentation of the written plan. Therefore, no reviews are conducted for these accounts. If clients elect to have a review and update to an original financial plan, additional fees may be charged and clients may be required to sign a new client agreement.

Statements and Reports

Clients will receive statements at least quarterly from the custodian at which their accounts are maintained. Clients receiving the Financial Planning Service will receive a written financial plan no later than 6 months after signing a Financial Planning Services Agreement.

Item 14 – Client Referrals and Other Compensation

Brokers Financial receives fees for referring clients that open accounts with unaffiliated investment adviser firms. The amount of fees will increase as the amount of assets referred to the unaffiliated investment adviser firms increases. The exact services offered and the arrangement with Brokers Financial will vary depending on the unaffiliated investment adviser. Clients will be provided a copy of the unaffiliated investment adviser firm's solicitor disclosure statement and Form ADV Part II, or similar disclosure brochure, which will disclose the specific details of the referral arrangement and the fees that will be paid.

In addition, Brokers Financial and its IARs may receive trail commissions also known as 12b-1 fees from the mutual fund companies based on assets under management. These 12b-1 fees vary, but usually range from .25-1.5% as more fully described in the fund prospectus. The receipt of such fees could represent a conflict of interest for IARs to solicit, offer and recommend funds with 12b-1 fees over funds that have no 12b-1 fees or lower 12b-1 fees.

Brokers Financial, its owner, Brokers International LTD., and our IARs in their separate capacity as an insurance agency and agent receive commissions for the recommendation/sale of annuities and other insurance products. Certain insurance companies may offer incentives in addition to the standard compensation to Brokers Financial, BI and your IAR acting in their separate capacities as insurance agents if your IAR sells a particular annuity or insurance product as a part of a special promotion during a specific brief window of time (also known as a "fire sale"). Moreover, certain insurance companies may offer Brokers Financial IARs acting in their separate capacity as an insurance agent additional incentive compensation such as vacation trips for meeting a sales goal associated with the insurance agent's overall sale of a particular annuity or insurance product offered by that insurance company. Brokers Financial IARs acting in their separate capacity as an insurance agent may also utilize a third-party insurance marketing organization ("IMO"). The IMO may share with your IAR acting in a separate capacity as an insurance agent a portion of the overrides that the IMO receives from the insurance company for the IMO's wholesaling activities associated with the sale of an annuity or insurance product by the insurance agent. The IMO may also offer special incentive compensation such as vacation trips to your IAR acting in their separate capacity as an insurance agent if the insurance agent meets certain overall sales goals by placing annuities and/or other insurance products through the IMO.

You should be aware that the receipt of commissions and additional incentive compensation itself creates a conflict of interest and may affect the independent judgment of your IAR when making recommendations about annuities and insurance products in general or a particular annuity or insurance product offered by a certain insurance company or through an IMO.

Brokers Financial, in its capacity as an insurance agency, has entered into a referral arrangement with American Trust & Savings Bank, whereby Brokers Financial' IARs acting in their separate capacities as insurance agents may refer clients to American Trust & Savings Bank's 401(k) retirement plan platform. When a client establishes an account through the 401(k) platform, American Trust & Savings Bank will pay Brokers Financial in its capacity as an insurance agency, a portion of the on-going percentage based fee charged to the client by American Trust & Savings Bank. Therefore, a conflict of interest exists between Brokers Financial and its clients when recommending the 401(k) plan services of American Trust & Savings Bank over other 401(k) services. Clients are not obligated to use the services of America Trust & Savings Bank.

Solicitation Arrangements

Situations may arise in which unaffiliated individuals may solicit clients for Brokers Financial that they deem appropriate. Pursuant to a written referral agreement between Brokers Financial and unaffiliated individuals and other parties (collectively "Solicitors"), Solicitors agree to refer prospective clients to Brokers Financial to participate in our investment management programs. Where applicable, the agreement will identify the roles and responsibilities of the solicitor, the IAR and Brokers Financial and the specific amount of the annual advisory fee to be shared with the solicitor. This fee compensates the Solicitor for referring clients to us, assisting in the enrollment of clients for participation in our programs, and facilitating communication between us and clients. The annual advisory fee charged to the client will not be affected if the client was introduced or referred by a solicitor. Through the Solicitors Written Disclosure Document, each client is made aware of the referral agreement prior to or at the time of entering into an advisory contract and acknowledges receipt of a current Brokers Financial Form ADV Part 2A or appropriate Wrap Fee Brochure. The advisory fee will be paid quarterly for so long as the client maintains an Investment Management Agreement with Brokers Financial and the solicitor's agreement with Brokers Financial remains in-force. If at any time either agreement is terminated, the advisory fee payments to the solicitor will cease.

The only other forms of other compensation received from advisory services are the fees charged for providing investment advisory services as described in Item 5 of this brochure. Brokers Financial receives no other forms of compensation in connection with providing investment advice.

Item 15 – Custody

Custody, as it applies to investment advisers, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

Our Firm is deemed to have custody of client funds and securities whenever Brokers Financial is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody Brokers Financial will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which Brokers Financial is deemed to have custody, the Firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or a duly authorized independent representative of the client will direct, in writing, the establishment of all accounts and therefore become aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally,

account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from Brokers Financial or any other source. When clients have questions about their account statements, they should contact their IAR, Brokers Financial or the qualified custodian preparing the statement.

Item 16 – Investment Discretion

Brokers Financial allows discretion for certain accounts only when both the client and Brokers Financial have provided written authorization. When a Brokers Financial' IAR is authorized by the client to exercise discretion, he or she may execute trades in the client's account without contacting the client prior to each trade to obtain the client's permission. When discretionary trading authority is granted the Brokers Financial' IAR will have the authority to do the following without contacting the client:

- determine the security or securities to buy or sell; and/or
- determine the price and amount of the security or securities to buy or sell; and/or
- determine the time to buy or sell the security or securities

Only IARs who have received written authorization from both the client and Brokers Financial may exercise discretion in their clients' accounts. Clients give Brokers Financial IARs discretionary authority when they sign a discretionary agreement with Brokers Financial, and may terminate this authority by giving Brokers Financial written instructions.

If you decide not to sign a discretionary agreement with Brokers Financial, trading is done on a **non-discretionary** basis. Brokers Financial IAR will be required to contact you prior to implementing changes to the investment in your account. Therefore, you will be contacted and be required to accept or reject the investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, Brokers Financial and/or the Brokers Financial' IAR will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

Through the Retirement Ally Program, the Portfolio Strategist is responsible for selecting the mutual funds and ETFs within a portfolio and for making changes to the funds selected. Your IAR will not have trading authorization over your Program accounts. However, the Portfolio Strategists will have discretion to buy and sell securities in the account according to the Portfolio selected. This authority will allow Brokers Financial as the Portfolio Strategist to determine the type of securities and the amount of securities bought or sold for your account without obtaining your consent prior to each transaction. You will authorize Brokers Financial to have discretion by executing the Account Agreement and Application.

All clients have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. You may also place reasonable limitations on the discretionary power (if any)

granted to our Firm so long as the limitations are specifically set forth or included as an attachment to the client agreement.

Item 17 – Voting Client Securities

Brokers Financial will not vote proxies on behalf of your account. While there are some investment advisors that will vote proxies and other corporate decisions on behalf of their clients, we have determined that taking on the responsibility for voting client securities does not add enough value to the services provided to clients to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in your accounts managed by our Firm.

You will receive proxies directly from your account custodian or investment transfer agent and these documents will not be delivered by our Firm. Although we do not vote client proxies, if you have a question about a particular proxy feel free to contact us.

Item 18 – Financial Information

This item is not applicable to this brochure. Brokers Financial does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, Brokers Financial has not been the subject of a bankruptcy petition at any time *(Please refer to Information Required by Part 2B of Form ADV: Brochure Supplement for more information)*.