

Item 1: Cover Page for Part 2A of Form ADV: Appendix 1
Wrap Fee Program Brochure
March 2014

ZHANG FINANCIAL LLC
doing business as

ZHANG FINANCIAL

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

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

Registration with the SEC or the use of the term “registered investment adviser” and description of Zhang Financial and/or our associates as “registered” does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for more information on the qualifications of our firm and our employees.

Item 2: Material Changes to Part 2A of Form ADV: Appendix 1
Wrap Fee Program Brochure

This Item discusses only the material changes that have occurred since Zhang Financial's last annual update dated March 2013. We have no material changes to report.

Item 3: Table of Contents

<u>Topic:</u>	<u>Page(s):</u>
Item 2 - Material Changes to Part 2A of Form ADV – Appendix 1: Wrap Fee Program Brochure	2
Item 3 - Table Of Contents	3
Item 4 - Services, Fees and Compensation.....	4
Item 5 - Account Requirements and Types of Clients.....	5
Item 6 - Portfolio Manager Selection and Evaluation	6
Item 7 - Client Information Provided to Portfolio Manager(s)	10
Item 8 - Client Contact with Portfolio Manager(s)	10
Item 9 - Additional Information	10

Item 4: Services, Fees, and Compensation

Zhang Financial is a registered investment adviser based in Portage, Michigan. The purpose of this Wrap Fee Program Brochure (“Wrap Brochure”) is to describe and disclose the services, fees, potential conflicts of interest, and other necessary information clients should consider prior to becoming a client of the Zhang Financial’s investment advisory programs covered in this Wrap Brochure. For a complete description of other services and fee arrangements offered by our firm, clients should refer to our Form ADV Part 2 (“Firm Brochure”). You may obtain a copy of the Firm’s Brochure by mailing your request to 1302 West Milham Avenue Portage, MI 49024, Attn: Compliance Department, or e-mail at lynn.chenzhang@zhangfinancial.com or call (269) 385-5888. The information contained herein is current as of the date of this Brochure and is subject to change at Zhang Financial’s discretion. Please retain this Wrap Brochure for your records.

We offer wrap fee programs, as defined under Rule 204-3(g)(4) of the Investment Advisers Act of 1940, that is described in this Wrap Brochure. Our wrap fee accounts are managed on an individualized basis according to the client’s investment objectives, financial goals, risk tolerance and other similar determining factors. As part of our asset management services, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds (“ETFs”), no load mutual funds, and to a lesser extent options, mutual funds and other public and private securities or investments. The client’s individual investment strategy is tailored to his or her specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client’s circumstances. Once the appropriate portfolio has been determined, we review the portfolio at least quarterly and if necessary, rebalance the portfolio based upon the client’s individual needs, stated goals, and objectives.

Wrap Fees

A “wrap fee arrangement” is one in which a single fee is charged based on the market value of assets in the client’s account, rather than on the transactions in the account as in a commission (“Brokerage”) Account.

We offer two types of account programs, Account Type 1 and Account Type 2. For all accounts that fall under Account Type 1, each client is solely responsible for trading costs associated with the activities relating to such account. Under the second program, Account Type 2, we agree to pay all trading costs associated with the transactions in such account. Under both programs however, all other costs (other than trading costs) are included.

Only client accounts that fall under the Account Type 2 are subject to our wrap fee program.

Our Asset Management Wrap Fee Program Fee Schedule is as follows:

<u>Assets under management</u>	<u>Annual Percentage of assets charge:</u>
All Assets	Up to 2.00%

Our firm's annual fees for investment management services provided under our various Client Agreements is a specified percentage negotiated between, and agreed to by, us and our clients and, generally, does not exceed 2% of the market value of assets under management. Our fees are billed on a pro-rata annualized basis, paid quarterly in advance based on the value of a client's account as of the last day of the previous quarter.

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

Other Fees

In addition to the wrap fee discussed above, you may also pay custodial fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund (such as fund management fees and other fund expenses, each of which shall be disclosed in the fund's prospectus), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. These fees are not included within the wrap fee you are charged by our firm.

Performance Fees

We do not charge performance fees to our clients.

Item 5: Account Requirements and Types of Clients

We impose the following requirement(s) to open or maintain an account with us. This minimum also applies to accounts that are subject to our wrap fee program:

- Minimum total account size of \$250,000. This account minimum may be waived in certain circumstances and in our sole discretion.

The types of clients we typically manage wrap fee accounts on behalf of, include:

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

Item 6: Portfolio Manager Selection and Evaluation

All Zhang Financial accounts subject to our wrap fee program are managed by our in-house portfolio managers. These portfolio managers are selected using the same selection procedures as those portfolio managers who may not manage accounts subject to our wrap fee program. Our firm does not utilize outside portfolio managers.

Our wrap fee program may result in our clients paying higher, the same or lower fees under our wrap fee program in that other investment advisory firms may charge higher, the same or lower fees than our firm for similar services. In addition, participation in a wrap fee program may result in a conflict of interest in that fewer trades may be executed on behalf of a client.

Our wrap fee and non-wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance and other determining factors. We do not manage wrap fee accounts in a different fashion than non-wrap fee accounts, and both are managed on largely a discretionary basis.

The Firm usually invests its clients in a select group of funds versus investing in individual stocks. We generally do not allow clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account.

We conduct periodic reviews to measure the performance of all of our portfolio managers and such performance is measured against the individual goals and objectives of each client. As such, performance information cannot be calculated on a uniform and consistent basis.

Advisory Business

Zhang Financial is dedicated to providing individuals and other types of clients with a wide array of investment advisory services. We offer individualized investment advice to clients utilizing the Asset Management service. Additionally, we offer general investment advice to clients utilizing the Financial Planning and Consulting, and Pension Consulting services.

Performance Based Fees and Side-by-Side Management

We do not charge performance fees to our clients.

Methods of analysis, investment strategies and risk of loss

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

Methods of Analysis:

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

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

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

Investment Strategies:

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

Certain Risks Associated with Methods of Analysis and Investment Strategies

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

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible

that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in securities. Some of these risks are briefly described below.

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

Stagnant Markets - Although volatility is one indication of market risk, some of the investment strategies we employ rely on the existence of market volatility to either result in or contribute to a mispricing that we can identify and exploit to create profitability. In periods of stagnant markets and/or deflation, alternative investment strategies have materially diminished prospects for profitability.

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

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

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

Short-term borrowings - In the event that the securities pledged to brokers to secure a client's margin account declines in value, the client could be subject to a "margin call"

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

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

Illiquid Securities - Clients may be invested in securities, loans and other financial instruments, which are not actively and widely traded. Consequently, it may be relatively difficult to dispose of such investments rapidly and at favorable prices and such securities may also be more difficult to value.

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

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

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

Voting client securities

We do not and will not accept the proxy authority to vote client securities, although in the future we may choose to vote proxies for clients governed under ERISA. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the

party who sent them to mail them directly to you in the future. As the client is responsible for voting their proxies, clients cannot direct Zhang Financial to vote in a particular solicitation. Clients may call at (269) 385-5888, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

Item 7: Client Information Provided to Portfolio Managers

Our firm communicates with its portfolio managers on a regular basis as needed (daily, weekly, monthly, etc.) to ensure that each client's most current investment goals and objectives are communicated to and understood by your portfolio manager(s). In most cases, we will communicate all relevant information as part of our regular investment management duties in order to ensure that your portfolio manager is aware of your particular objectives and act accordingly. We will also communicate information to your portfolio managers when a client requests us to, or when market or economic conditions make it prudent to do so.

Item 8: Client Contact with Portfolio Managers

We do not impose any restrictions on our clients' ability to directly contact their portfolio managers regarding any questions or concerns they have about their portfolios or other matters.

Item 9: Additional Information

Disciplinary Information

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

Other Financial Industry Activities and Affiliations

Neither Zhang Financial or any of its management persons are registered or have an application pending to register as a broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities and is not engaged in any other financial activities other than as described in its Form ADV Part 1.

Neither Zhang Financial nor any of its management persons have affiliations with broker-dealers, municipal securities dealers or government securities dealers, investment

companies or other pooled investment vehicles, other investment advisers or financial planners, futures commodity merchant, commodity pool operator or commodity trading advisor, banking or thrift institutions, accountants or accounting firms, lawyers or law firms, insurance agency or company, pension consultant, real estate broker or dealer or sponsor or syndicator of limited partnerships other than as described below.

Charles C. Zhang, Lynn Chen-Zhang, Jessica Rossana, and James Walsh are all licensed to sell insurance. However, none of these individuals are currently acting as insurance agents and as such, do not engaged in the sale of insurance products.

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

Code of ethics, participation or interest in client transactions and personal trading

We recognize that maintaining our fiduciary responsibilities to our clients requires the Firm avoid potential conflicts in managing client accounts, provide fair and full disclosure of all material facts and act solely in the best interest of each of our clients at all times.

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

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

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

Our firm, as well as individuals associated with our firm may buy or sell for their personal accounts securities that are identical to those recommended or purchased for client accounts. In addition, associated individuals of our firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. This practice creates a potential conflict of interest in that Zhang Financial or individuals associated with us may have an incentive not to recommend the sale of securities held by clients in order to protect the value of their personal investment.

However, our related persons are required to place client interests ahead of their own and to adhere to the procedures set forth in our firm's Code of Ethics relating to these transactions.

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

Review of accounts

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

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

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

Client referrals and other compensation

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

Additional Legal and Financial Disclosures

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