

# DISCLOSURE BROCHURE

## Hahn Financial Group, Inc.

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This brochure provides information about the qualifications and business practices of Hahn Financial Group, Inc.. Being registered as a registered investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 605-275-3600. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Hahn Financial Group, Inc. (CRD #169787) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**SEPTEMBER 23, 2014**

## **Item 2: Material Changes**

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### **Annual Update**

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

Since the last filing of this brochure on March 28, 2014 there have been no material changes, however Item 19 has been removed for SEC filing.

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### **Full Brochure Available**

This Firm Brochure being delivered is the complete brochure for the Firm.

## Item 3: Table of Contents

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## **Item 4: Advisory Business**

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### **Firm Description**

Hahn Financial Group, Inc., (“HFG”) was founded in 2006 and became a registered investment advisor in 2014. Kelly Hahn is a 50% owner and Verlyn Hahn is 50% owner.

HFG provides investment management to individuals, pension and profit sharing plans, trusts, estates, and charitable organizations. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, insurance review, investment management, education funding, retirement planning, and estate planning.

HFG is a fee based investment management firm. The firm also sells insurance products for a commission.

HFG does not act as a custodian of client assets

An evaluation of each client's initial situation is provided to the client, often in the form of a net worth statement or risk analysis. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (e.g., lawyers, accountants, tax preparers, insurance agents, etc.) are engaged directly by the client on an as-needed basis and may charge fees of their own. For example, tax preparation and to the extent your estate plan needs to be updated, the tax preparer and/or attorney will bill the client separately. Conflicts of interest will be disclosed to the client in the event they should occur.

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### **Types of Advisory Services**

#### **ASSET MANAGEMENT**

HFG offers discretionary direct asset management services to advisory clients. HFG will offer clients ongoing portfolio management services through determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring and the overall investment program will be based on the above factors. The client will authorize HFG discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement.

#### **SELECTION OF OTHER ADVISORS**

When deemed appropriate for the client, HFG will select other advisors for the management of some or all of a client's account. These other advisors may charge fees in addition to the fees charged by HFG or may be paid a portion of the fee charged by HFG. The details on fees will be disclosed in Item 5 of this brochure.

#### ***Wealth Management, LLC***

HFG when deemed appropriate for the client will utilize Wealth Management, LLC (“Sub-Advisor”) to perform discretionary investment management services for certain client's using Sub-Advisor's Asset Allocation Models. Sub-Advisor shall have discretionary authority for the investment and reinvestment of the designated assets with full authority to buy, sell or otherwise effect investment transactions involving the designated assets in the client's name and for the client's account. The authority granted to Sub-Advisor will

continue in force until revoked by HFG or client in writing, with such revocation effective upon Sub-Advisor receipt.

HFG is the primary investment advisor to the Clients and shall obtain from clients information to determine Client's financial situation and investment objectives and forward such information to Sub-Advisor in the form reasonably requested by Sub-Advisor prior to Sub-Advisor's obligation to provide services to client.

#### *SEI Investments Management Corporation*

HFG participates in SEI's Managed Accounts Program (the "MAP Program"). To participate in the MAP Program, HFG, SEI Investments Management Corporation ("SIMC") and the individual investors execute a tri-party agreement ("Managed Account Agreement") providing for the management of certain investor assets in accordance with the terms thereof. Pursuant to a Managed Account Agreement, the investor appoints HFG as its investment adviser to assist the investor in selecting an asset allocation strategy, which would include the percentage of investor assets allocated to designated portfolios of separate securities (each, a "Managed Account Portfolio") and may include the percentage of assets allocated to a portfolio of mutual funds advised by SIMC or an affiliate of SIMC. The investor appoints SIMC to manage the assets in each Managed Account Portfolio in accordance with a strategy selected by the investor together with the Adviser. SIMC may delegate its responsibility for selecting particular securities to one or more portfolio managers.

#### QUALIFIED PLANS

HFG will provide qualified plans with the following services:

- Educational Presentations: HFG shall provide educational presentations for Plan participants. Presentations to Plan participants are informational in nature and intended to provide an overview of the Plan and the Plan's investment selections. Educational presentations will not take into account the individual circumstances of each participant and individual recommendations will not be provided unless otherwise agreed upon.
- Participant Enrollment: HFG shall support the Client with Plan participant enrollments.
- Annual Plan Review: Advisor will meet annually with Wealth Management, LLC, the Fiduciary Investment Manager (3(38) Advisor) to review the Plan design and related Plan implementation.

#### NEWSLETTERS AND PERIODICALS

HFG provides newsletters and periodicals to clients. There is no charge to the client for this service.

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#### **Client Tailored Services and Client Imposed Restrictions**

The goals and objectives for each client are documented in our client files. Investment strategies are created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without written client consent.

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#### **Wrap Fee Programs**

HFG does not sponsor any wrap fee programs.

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**Client Assets under Management**

As of 9/15/2014 HFG has \$128,800,000 client assets under management on a discretionary basis.

**Item 5: Fees and Compensation**

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**Method of Compensation and Fee Schedule**ASSET MANAGEMENT

HFG offers discretionary direct asset management services to advisory clients. HFG charges an annual investment advisory fee based on the total assets under management as follows:

The fees payable to HFG	
Assets Under Management	Annual Fee
\$0 to \$49,999	1.75%
\$50,000 to \$199,999	1.50%
\$200,000 to \$499,999	1.25%
\$500,000 to \$999,999	1.00%
\$1,000,000 to \$1,999,999	.90%
\$2,000,000 to \$2,999,999	.80%
\$3,000,000 to \$3,999,999	.70%
\$4,000,000 to \$4,999,999	.60%
\$5,000,000 or more	.50%

The annual Fee may be negotiable based on the amount of assets, the investments to be utilized and the complexity of the account. Accounts within the same household may be combined for a reduced fee. Fees are billed quarterly in advance based on the amount of assets managed as of the last business day of the previous quarter. Initial fees for partial quarters are pro-rated. Quarterly advisory fees deducted from the clients' account by the custodian will be reflected in a provided fee invoice as fees are withdrawn. Lower fees for comparable services may be available from other sources. Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement for a full refund. Clients may terminate advisory services with seven (7) days written notice.

Upon participant termination, management fees will be pro-rated to the effective date of termination. Participant will receive a refund of management fees paid but not yet earned through the effective date of termination except for management fees totaling less than or equal to \$50 per Client. The \$50 is considered as the administrative costs to process the termination. "The date of termination" is defined as the date of total withdrawal or total transfer from the account. If unearned management fees total more than \$50 per Client upon termination, they will be refunded in total to the Participant.

(Pro rata is calculated by multiplying the Annual Fee by the Account Value divided by the number of days left in the quarter divided by 360 days. For example if the Account value was \$100,000 and the account was closes with 15 days left in the quarter the calculation would be  $(1\% \times 200,000) \times (15/360) = \$84.00$ .) Client shall be given thirty (30) days prior written notice of any increase in fees, and client will acknowledge, in writing, any agreement of increase in said fees.

FEES ASSOCIATED WITH THE SELECTION OF OTHER ADVISORS

The fees payable to the Adviser are as follow below.



*Wealth Management, LLC*

Wealth Management, LLC ("Sub-Advisor") does not charge fees in addition to the fees charged by HFG, they will receive 20% of the fees charged by HFG detailed above in the fee schedule titled "The fees payable to HFG". The client will pay no additional fees when this sub-manager is used.

SIMC's advisory fee schedule for the MAP Program is as follows and is addition to the fees charged by HFG detailed in the fee schedule above:

The fees payable to SIMC for Large Cap Core/Transition Strategy	
Assets Under Management	Annual Fee
First \$1 Million	0.85%
Next \$2 Million	0.80%
Next \$2 Million	0.75%
Above \$5 Million	Negotiable

The fees payable to SIMC for U.S. Equity Core and Large Cap Core Strategy U.S. Large Cap Growth Strategy U.S. Large Cap Value Strategy Managed Volatility/Tax-Sensitive Managed Volatility	
Assets Under Management	Annual Fee
First \$3 Million	0.90%
Next \$2 Million	0.85%
Above \$5 Million	Negotiable

The fees payable to SIMC for U.S. Midcap Strategy	
Assets Under Management	Annual Fee
First \$1 Million	1.10%
Next \$2 Million	1.00%
Next \$2 Million	0.90%
Above \$5 Million	Negotiable

The fees payable to SIMC for U.S. Small Cap Strategy International Equity Strategy	
Assets Under Management	Annual Fee
First \$1 Million	1.20%
Next \$2 Million	1.10%
Next \$2 Million	1.00%
Above \$5 Million	Negotiable

The fees payable to SIMC for Active Municipal Bond Strategy	
Assets Under Management	Annual Fee
First \$1 Million	0.70%
Next \$2 Million	0.65%
Next \$2 Million	0.60%
Above \$5 Million	Negotiable

The fees payable to SIMC for Laddered Bond Strategy	
Assets Under Management	Annual Fee
First \$500,000	0.30%
Next \$500,000	0.27%
Next \$1 Million	0.25%
Next \$3 Million	0.20%

The fees payable to SIMC for Core Fixed Income Strategy	
Assets Under Management	Annual Fee
First \$1 Million	0.70%
Next \$2 Million	0.65%
Next \$2 Million	0.60%
Above \$5 Million	Negotiable

SIMC may impose minimum account balances ranging from \$50,000 to \$1,000,000 depending upon the Managed Account Portfolio chosen and whether the investor selects the tax management feature.

Under the MAP Program, the investor receives investment advisory services, the execution of securities brokerage transactions, custody services and reporting services for a single specified fee. Participation in the MAP Program may cost the participant more or less than purchasing such services separately. In addition, the fees may be higher or lower than that charged by other sponsors of comparable wrap fee programs.

The aforementioned fees may be subject to a discount.

Additionally, the MAP Program offers a feature called Integrated Managed Accounts (“IMAP”), which is an enhancement to the standard MAP Program. In IMAP, SIMC selects one sub-adviser to serve as a tax manager for the entire Managed Account Portfolio. Other sub-advisers recommend securities using buy/sell lists for their specific asset class to which the investor has selected. An integration fee will be charged to the investor’s account when the investor selects the IMAP feature. The fee will cover the integration of the equity managers, which helps result in increased coordination across the equity account, increased tax efficiency and additional features such as wash sale prevention. These additional fees only apply to the equity portion of an investor’s account that is allocated to the integrated equities portfolio; the fees do not apply to the fixed income or funds portion of the investor’s account (if applicable). A selection of investor’s assets may receive a fee discount.

The fees payable to SIMC for the IMAP feature are up to 0.15% for the first \$500,000 and 0.05 % for amounts in excess of \$500,000 in assets under management.

#### *SEI Distribution-Focused Strategies*

The SEI Distribution-Focused Strategies (the “DFS Program”) are designed to actively manage a broadly diversified portfolio of assets, bolstered by expert manager selection, portfolio construction and oversight. The DFS Program was built to generate a consistent level of distributions. In addition to achieving distribution objectives, it is designed to provide a degree of principal preservation by leaving a positive residual value at the end of the strategies stated investment horizon. Advisers can use these results to balance their clients’ distribution objectives against their principal preservation goals. The Adviser participates in the “MAP Program and DFS Program (together, the “Managed

Account Program”). To participate in the Managed Account Program, the Adviser, SIMC and the individual investors execute a Managed Account Agreement providing for the management of certain investor assets in accordance with the terms thereof. Pursuant to a Managed Account Agreement, the investor appoints the Adviser as its investment adviser to assist the investor in selecting an asset allocation strategy, which would include the percentage of investor assets allocated to a designated Managed Account Portfolio and may include the percentage of assets allocated to a portfolio of mutual funds advised by SIMC or an affiliate of SIMC. The investor appoints SIMC to manage the assets in each Managed Account Portfolio in accordance with a strategy selected by the investor together with the Adviser. SIMC may delegate its responsibility for selecting particular securities to one or more portfolio managers. For the DFS Program, SIMC is responsible for selecting securities (generally SEI’s proprietary mutual funds) underlying each portfolio in accordance with its investment strategies, and, therefore, selecting the securities into which the investor’s assets will be invested.

SIMC’s advisory fee schedule for the MAP Program is as follows:

The fees payable to SIMC for Large Cap Core/Transition Strategy	
Assets Under Management	Annual Fee
First \$1 Million	0.85%
Next \$2 Million	0.80%
Next \$2 Million	0.75%
Above \$5 Million	Negotiable

The fees payable to SIMC for U.S. Equity Core and Large Cap Core Strategy U.S. Large Cap Growth Strategy U.S. Large Cap Value Strategy SIMC for Managed Volatility/Tax-Sensitive Managed Volatility	
Assets Under Management	Annual Fee
First \$3 Million	0.90%
Next \$2 Million	0.85%
Above \$5 Million	Negotiable

The fees payable to SIMC for U.S. Midcap Strategy	
Assets Under Management	Annual Fee
First \$1 Million	1.10%
Next \$2 Million	1.00%
Next \$2 Million	0.90%
Above \$5 Million	Negotiable

The fees payable to SIMC for U.S. Small Cap Strategy International Equity Strategy	
Assets Under Management	Annual Fee
First \$1 Million	1.20%
Next \$2 Million	1.10%
Next \$2 Million	1.00%
Above \$5 Million	Negotiable

The fees payable to SIMC for U.S. Fixed Income Active Municipal Bond Strategy	
Assets Under Management	Annual Fee
First \$1 Million	0.70%
Next \$2 Million	0.65%
Next \$2 Million	0.60%
Above \$5 Million	Negotiable

The fees payable to SIMC for Laddered Municipal Bond Portfolio Strategy	
Assets Under Management	Annual Fee
First \$500,000	0.30%
Next \$500,000	0.27%
Next \$1 Million	0.25%
Next \$3 Million	0.20%

The fees payable to SIMC for Core Fixed Income Strategy	
Assets Under Management	Annual Fee
First \$1 Million	0.70%
Next \$2 Million	0.65%
Next \$2 Million	0.60%
Above \$5 Million	Negotiable

Additionally, for the DFS Program, investors shall pay a Program Fee of 0.20% to SIMC for providing administrative and recordkeeping services to accounts invested in the DFS Program. The fee is calculated and paid to SIMC quarterly in arrears.

SIMC may impose minimum account balances ranging from \$50,000 to \$1,000,000 depending upon the Managed Account Portfolio chosen and whether the investor selects the tax management feature. SIMC fees are charged quarterly in arrears.

#### QUALIFIED PLANS

HFG charges a maximum annual fee of 1% on Qualified Plans. The Fiduciary Investment Manager (FIM) charges an annual fee of 10 basis points. Charges for HFG and FIM will be divided by four quarters and drafted quarterly in advance based total market value of the Plan at the close of the quarter. Fees will be paid out of the respective participant's plan assets. Fees are based on the market value of the groups reflected in the statements of the custodian at that point in time.

Fees are negotiable based on the Client's specific situation, the size of the Plan, the number of Plan participants, the Client's financial situation, the amount of assets receiving allocation advice and the complexity of the services provided. HFG and FIM will provide a 30 day advance written notice of any change to the advisory fees.

The Client's authorized representative, FIM or HFG may terminate the agreement with sixty (60) days written notice. A copy of the termination notice must additionally be provided to the Plan Custodian (or Plan trustee), if any. Upon breach or failure to perform any material provisions of the Agreement, the non-breaching party may terminate the Agreement if such breach is not cured within thirty (30) days after

receipt of written notice to the breaching party. Additionally, the agreement terminates upon failure of the Client to pay Service Fees pursuant to the terms of the Agreement. A refund of any unearned fees will be made based on the time expended by FIM and HFG before termination, if greater than the administrative costs to process said termination. A full refund of any fees paid will be made if the agreement is terminated within five (5) business days. Termination will not affect the liabilities and obligation of the parties under this Agreement arising from transactions initiated prior to such termination. Upon termination of this Agreement, FIM and HFG will have no obligation to recommend or take any action with regard to the Client's Plan.

Upon participant termination, management fees will be pro-rated to the effective date of termination. Participant will receive a refund of management fees paid but not yet earned through the effective date of termination except for management fees totaling less than or equal to \$50 per Client. The \$50 is considered as the administrative costs to process the termination and is separate from the distribution fee charged by Retirement Plan Consultants LLC as the vendor for the Plan. "The date of termination" is defined as the date of total withdrawal or total transfer from the account. If unearned management fees total more than \$50 per Client upon termination, they will be refunded in total to the Participant.

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**Client Payment of Fees**

Investment management fees are billed quarterly in advance, meaning we bill you before the three-month period has started. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

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**Additional Client Fees Charged**

Custodians may charge transaction fees on purchases or sales of certain mutual funds, equities, and exchange-traded funds. These charges may include Mutual Fund transactions fees, postage and handling and miscellaneous fees (fee levied to recover costs associated with fees assessed by self-regulatory organizations). These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security. HFG does not receive any portion of these fees.

For more details on the brokerage practices, see Item 12 of this brochure.

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**Prepayment of Client Fees**

HFG does not require prepayment of fees of more than \$500 per client and six months or more in advance.

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**External Compensation for the Sale of Securities to Clients**

HFG does not receive any external compensation for the sale of securities to clients, but investment advisor representatives of HFG may receive commissions for the sale of securities as registered representatives of unaffiliated broker dealers. For more details on this please refer to Item 10 of this brochure.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

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### **Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

HFG does not use a performance-based fee structure because of the conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

## **Item 7: Types of Clients**

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### **Description**

HFG generally provides investment advice to individuals, trusts, estates, or charitable organizations, corporations or business entities.

Client relationships vary in scope and length of service.

### **Account Minimums**

HFG does not require a minimum to open an account but some money managers may require a minimum.

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

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### **Methods of Analysis**

Security analysis methods may include charting, fundamental, technical, and cyclical analysis. Investing in securities involves risk of loss that clients should be prepared to bear. Past performance is not a guarantee of future returns.

Charting analysis involves the use of patterns in performance charts. HFG uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

Fundamental analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

Technical analysis involves the analysis of past market data; primarily price and volume.

Cyclical analysis involved the analysis of business cycles to find favorable conditions for buying and/or selling a security.

The main sources of information include financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, and filings with the Securities and Exchange Commission.

### **Investment Strategy**

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes an Investment Policy Statement, Risk Tolerance or similar form that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases, trading, and option writing (including covered options, uncovered options or spreading strategies).

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## Security Specific Material Risks

All investment programs have certain risks that are borne by the investor. Fundamental analysis may involve interest rate risk, market risk, business risk, and financial risk. Risks involved in technical analysis are inflation risk, reinvestment risk, and market risk. Cyclical analysis involves inflation risk, market risk, and currency risk.

Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks and should discuss these risks with HFG:

- *Interest-rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Market Risk:* The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- *Inflation Risk:* When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Currency Risk:* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Reinvestment Risk:* This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *Business Risk:* These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- *Liquidity Risk:* Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Financial Risk:* Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

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## Item 9: Disciplinary Information

### Criminal or Civil Actions

The firm and its management have not been involved in any criminal or civil action.

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**Administrative Enforcement Proceedings**

The firm and its management have not been involved in administrative enforcement proceedings.

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**Self-Regulatory Organization Enforcement Proceedings**

The firm and its management have not been involved in legal or disciplinary events related to past or present investment clients.

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**Item 10: Other Financial Industry Activities and Affiliations**

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**Broker-Dealer or Representative Registration**

HFG is not registered as a broker dealer, however its employees are registered representatives of an unaffiliated broker-dealer.

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**Futures or Commodity Registration**

Neither HFG nor its employees are registered or has an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

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**Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

Co-Owners Kelly Hahn and Verlyn Hahn are also licensed insurance agents through Hahn Financial Group, Inc. and registered representatives of Gradient Securities, LLC, an unaffiliated broker dealer. Approximately 5% of Kelly's time and approximately 40% of Verlyn's time is spent in this practice. From time to time, they will offer clients services from those activities.

These practices represent conflicts of interest because it gives an incentive to recommend products based on the commission amount received. This conflict is mitigated by the fact that they have a fiduciary responsibility to place the best interest of the client first and the clients are not required to purchase any products. Clients have the option to purchase these products through another insurance agent or broker dealer of their choosing.

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**Recommendations or Selections of Other Investment Advisors and Conflicts of Interest**

HFG may at times utilize the services of other investment advisors, SEI and Wealth Management, to manage client accounts. This situation may create a conflict of interest as the fees retained by HGF may be higher with some advisors. However, when referring clients to another investment advisors, the client's best interest will be the main determining factor of HFG. These fees do not include brokerage fees that may be assessed by the custodial broker dealer. Fees for these services will be based on a percentage of assets under management not to exceed any limit imposed by any regulatory agency are detailed in Item 5 of this brochure.

This relationship will be disclosed to the client in each contract between HFG and the other investment advisor. Client will initial HFG's Investment Advisory Agreement to acknowledge receipt of Third Party fee Schedule and required documents including Form ADV Part 2 disclosures.



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

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### **Code of Ethics Description**

The employees of HFG have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of HFG employees and addresses conflicts that may arise. The Code defines acceptable behavior for employees of HFG. The Code reflects HFG and its supervised persons' responsibility to act in the best interest of their client.

One area which the Code addresses is when employees buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our clients. We do not allow any employees to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our clients.

HFG's policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other employee, officer or director of HFG may recommend any transaction in a security or its derivative to advisory clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

HFG's Code is based on the guiding principle that the interests of the client are our top priority. HFG's officers, directors, advisors, and other employees have a fiduciary duty to our clients and must diligently perform that duty to maintain the complete trust and confidence of our clients. When a conflict arises, it is our obligation to put the client's interests over the interests of either employees or the company.

The Code applies to "access" persons. "Access" persons are employees who have access to non-public information regarding any clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to clients, or who have access to such recommendations that are non-public.

The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

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### **Investment Recommendations Involving a Material Financial Interest and Conflict of Interest**

HFG and its employees do not recommend to clients securities in which we have a material financial interest.

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### **Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

HFG and its employees may buy or sell securities that are also held by clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide HFG with copies of their brokerage statements.

The Chief Compliance Officer of HFG is Kelly Hahn. She reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the firm receive preferential treatment over employee transactions.

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## **Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

HFG does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist. However, employees may buy or sell securities at the same time they buy or sell securities for clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide HFG with copies of their brokerage statements.

### **Item 12: Brokerage Practices**

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#### **Factors Used to Select Broker-Dealers for Client Transactions**

HFG may recommend the use of a particular broker-dealer or may utilize a broker-dealer of the client's choosing. HFG will select appropriate brokers based on a number of factors including but not limited to their relatively low transaction fees and reporting ability. HFG relies on its broker to provide its execution services at the best prices available. Lower fees for comparable services may be available from other sources. Clients pay for any and all custodial fees in addition to the advisory fee charged by HFG.

- *Directed Brokerage*

In circumstances where a client directs HFG to use a certain broker-dealer, HFG still has a fiduciary duty to its clients. The following may apply with Directed Brokerage: HFG's inability to negotiate commissions, to obtain volume discounts, there may be a disparity in commission charges among clients and conflicts of interest arising from brokerage firm referrals.

- *Best Execution*

Investment advisors who manage or supervise client portfolios on a discretionary basis have a fiduciary obligation of best execution. The determination of what may constitute best execution and price in the execution of a securities transaction by a broker involves a number of considerations and is subjective. Factors affecting brokerage selection include the overall direct net economic result to the portfolios, the efficiency with which the transaction is effected, the ability to effect the transaction where a large block is involved, the operational facilities of the broker-dealer, the value of an ongoing relationship with such broker and the financial strength and stability of the broker. The firm does not receive any portion of the trading fees.

- *Soft Dollar Arrangements*

The Securities and Exchange Commission defines soft dollar practices as arrangement under which products or services other than execution services are obtained by HFG from or through a broker-dealer in exchange for directing client transactions to the broker-dealer. As permitted by Section 28(e) of the Securities Exchange Act of 1934, HFG receives economic benefits as a result of commissions generated from securities transactions by the broker-dealer from the accounts of HFG. These benefits include both proprietary research from the broker and other research written by third parties.

A conflict of interest exists when HFG receives soft dollars. This conflict is mitigated by the fact that HFG has a fiduciary responsibility to act in the best interest of its clients and the services received are beneficial to all clients.

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**Aggregating Securities Transactions for Client Accounts**

HFG is authorized in its discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and transactions in the same securities for other Clients of HFG. All clients participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rated basis.

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**Item 13: Review of Accounts**

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**Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Account reviews are performed quarterly by IARs of HFG. Account reviews are performed more frequently when market conditions dictate.

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**Review of Client Accounts on Non-Periodic Basis**

Other conditions that may trigger a review of clients' accounts are changes in the tax laws, new investment information, and changes in a client's own situation.

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**Content of Client Provided Reports and Frequency**

Clients receive account statements no less than quarterly for managed accounts. Account statements are issued by the Third Party Money Manager's custodian. Clients are urged to review the account statements received directly from their custodians. Client receives confirmations of each transaction in account from custodian and an additional statement during any month in which a transaction occurs.

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**Item 14: Client Referrals and Other Compensation**

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**Economic benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

As disclosed under Item 12 above, HFG may recommend a certain broker dealer for custody and brokerage services. HFG may receive economic benefits through its participation in the institutional program with a custodian that are typically not available to retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving HFG participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to HFG by third party vendors.

Other services made available by the custodian are intended to help HFG manage and further develop its business enterprise. The benefits received by HFG or its personnel through participation in the program do not depend on the amount of brokerage transactions. As part of its fiduciary duties to clients, HFG endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by HFG or its related persons in and of itself creates a conflict of

interest and may indirectly influence the HFG's choice custodian for custody and brokerage services.

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**Advisory Firm Payments for Client Referrals**

HFG does not compensate for client referrals.

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**Item 15: Custody**

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**Account Statements**

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly.

HFG is deemed to have constructive custody solely because advisory fees are directly deducted from client's account by the custodian on behalf of HFG.

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**Item 16: Investment Discretion**

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**Discretionary Authority for Trading**

HFG accepts discretionary authority to manage securities accounts on behalf of clients. HFG has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. The client will authorize HFG discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement.

The client approves the custodian to be used and the commission rates paid to the custodian. HFG does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

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**Item 17: Voting Client Securities**

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**Proxy Votes**

HFG does not vote proxies on securities. Clients are expected to vote their own proxies. The client will receive their proxies directly from the custodian of their account or from a transfer agent.

When assistance on voting proxies is requested, HFG will provide recommendations to the client. If a conflict of interest exists, it will be disclosed to the client.

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**Item 18: Financial Information**

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**Balance Sheet**

A balance sheet is not required to be provided because HFG does not serve as a custodian for client funds or securities and HFG does not require prepayment of fees of more than \$500 per client and six months or more in advance.

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**Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

HFG has no condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

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**Bankruptcy Petitions during the Past Ten Years**

Neither HFG nor its management has had any bankruptcy petitions in the last ten years.

# **SUPERVISED PERSON BROCHURE**

FORM ADV PART 2B

**Kelly Ann Hahn, ChFC®**

**Hahn Financial Group, Inc.**

**Office Address:  
Hahn Financial Building**

3101 S. Phillips Avenue  
Sioux Falls, SD 57105

Tel: 605-275-3600  
Fax: 605-275-9595

KellyHahn@HahnFinancialGroup.com

This brochure supplement provides information about Kelly Ann Hahn and supplements the Hahn Financial Group, Inc.'s brochure. You should have received a copy of that brochure. Please contact Hahn Financial Group, Inc. if you did not receive the brochure or if you have any questions about the contents of this supplement.

Additional information about Kelly Ann Hahn (CRD #4632939) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**SEPTEMBER 23, 2014**

## Brochure Supplement (Part 2B of Form ADV)

### Supervised Person Brochure

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#### Principal Executive Officer

**Kelly Ann Hahn, ChFC®**

- Year of birth: 1960
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#### Educational Background and Business Experience

##### Educational Background:

- Iowa Methodist Medical Center Nursing School; RN Degree; 5/1981

##### Professional Certifications:

Employees have earned certifications and credentials that are required to be explained in further detail.

Chartered Financial Consultant® (ChFC®): Chartered Financial Consultant (ChFC®) is a designation issued by the American College. ChFC® designation requirements:

- Complete ChFC® coursework within five years from the date of initial enrollment.
- Pass the exams for all required elective courses. A minimum score of 70% must be achieved to pass.
- Meet the experience requirements: Three years of full-time business experience within the five years preceding the date of the award. An undergraduate or graduate degree from an accredited educational institution qualifies as one year of business experience.
- Take the Professional Ethics Pledge.
- When you achieve your CHFC® designation, you must earn 30 hours of continuing education credit every two years.

##### Business Experience:

- Hahn Financial Group, Inc.; Co-Owner/Investment Advisor Representative; 01/2014-Present
  - Hahn Financial Group, Inc.; Co-Owner/Insurance Agent; 10/2006-Present
  - Hahn Holding I, LLC; Managing Member; 11/2006-Present
  - Hahn Holding II, LLC; Managing Member; 11/2006-Present
  - Gradient Securities, LLC; Registered Representative; 1/2014-Present
  - American United Life; Agent; 11/2006-01/2014
  - OneAmerica Securities; Investment Advisor Representative; 11/2006-1/2014
  - OneAmerica Securities; Registered Representative; 11/2006-12/2013
  - Thrivent Investment Management Inc.; Investment Advisor Representative; 02/2003-10/2006
  - Thrivent Financial for Lutherans; Partner, Great Plains Region; 07/2002-10/2006
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#### Other Business Activities Engaged In

Kelly Hahn has a financial industry affiliated business as an insurance agent and a registered representative of an unaffiliated broker dealer. Approximately 5% of her time

is spent in this business. From time to time, she offers clients advice or products from those activities. Clients are not required to purchase any products.

These practices represent conflicts of interest because it gives an incentive to recommend products based on the commission amount received. This conflict is mitigated by the fact that Mrs. Hahn has a fiduciary responsibility to place the interests of the client first and clients are not required to purchase any products. Clients have the option to purchase these products through another insurance agent or broker dealer of their choosing.

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**Additional Compensation**

Mrs. Hahn receives separate, yet typical commissions from insurance companies on the insurance products she sells. She does not receive any performance based fees.

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**Disciplinary Actions**

None to report

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**Supervision**

Kelly Hahn is the co-owner and Chief Compliance Officer of Hahn Financial Group, Inc. she is responsible for formulation and monitoring of investment advice offered to clients and all supervision. She will adhere to the policies and procedures as described in the firm's Compliance Manual.

# **SUPERVISED PERSON BROCHURE**

FORM ADV PART 2B

**Verlyn Earl Hahn**  
**CFP® ChFC®, CLU®, LUTCF®**

**Hahn Financial Group, Inc.**

**Office Address:**  
**Hahn Financial Building**  
3101 S. Phillips Avenue  
Sioux Falls, SD 57105

Tel: 605-275-3600  
Fax: 605-275-9595

VerlynHahn@HahnFinancialGroup.com

This brochure supplement provides information about Verlyn Earl Hahn and supplements the Hahn Financial Group, Inc.'s brochure. You should have received a copy of that brochure. Please contact Hahn Financial Group, Inc. if you did not receive the brochure or if you have any questions about the contents of this supplement.

Additional information about Verlyn Earl Hahn (CRD #1590372) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**SEPTEMBER 23, 2014**



## Brochure Supplement (Part 2B of Form ADV)

### Supervised Person Brochure

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#### Principal Executive Officer

Verlyn Earl Hahn, CFP® ChFC® CLU® LUTCF®

- Year of birth: 1960
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#### Educational Background and Business Experience

Educational Background:

- CFP Designation; 2006
- ChFC Designation; 2006
- CLU Designation; 2005
- LUTCF; 1988

#### Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail.

Certified Financial Planner (CFP®): Certified Financial Planner is a designation granted by the CFP® Board. CFP® requirements:

- Completion of the financial planning education requirements set by the CFP® Board ([www.cfp.net](http://www.cfp.net)).
- Successful completion of the 10-hour CFP® Certification Exam.
- Three-year qualifying full-time work experience.
- Successfully pass the Candidate Fitness Standards and background check.
- When you achieve your CFP® designation, you must renew your certification every two years, pay an annual certification fee and complete 30 hours of continuing education every two years.

Chartered Financial Consultant® (ChFC®): Chartered Financial Consultant (ChFC®) is a designation issued by the American College. ChFC® designation requirements:

- Complete ChFC® coursework within five years from the date of initial enrollment.
- Pass the exams for all required elective courses. A minimum score of 70% must be achieved to pass.
- Meet the experience requirements: Three years of full-time business experience within the five years preceding the date of the award. An undergraduate or graduate degree from an accredited educational institution qualifies as one year of business experience.
- Take the Professional Ethics Pledge.
- When you achieve your CHFC® designation, you must earn 30 hours of continuing education credit every two years.

Chartered Life Underwriter (CLU®): Chartered Life Underwriter is a designation granted by the American College. CLU® designation requirements:

- Successfully complete CLU® coursework: five required and three elective courses.

- Meet the experience requirements: Three years of business experience immediately preceding the date of the use of the designation are required. An undergraduate or graduate degree from an accredited education institution qualifies as one year of business experience. (Mr. Hahn was grandfathered for this requirement as he received his certification prior to this requirement)
- Take the Professional Ethics Pledge.
- When you achieve the CLU® designation, you must complete 30 hours of continuing education credit every two years.

Life Underwriter Training Council Fellow (LUTCF) Life Underwriter Training Council Fellow designation is granted by the American College. LUTCF certification requirements:

- Complete LUTCF coursework: one required course and five elective courses.
- Earned 300 designation credits.
- Take the Professional Ethics Pledge.
- Be a member of a local association of NAIFA formerly NALU.
- Complete and submit a designation application to the American College and provide evidence of membership.
- To maintain the designation, three hours of ethics-related training every two years.

**Business Experience:**

- Hahn Financial Group, Inc.; Co-Owner/Investment Advisor Representative; 01/2014-Present
- Hahn Financial Group, Inc.; Co-Owner/Insurance Agent; 10/2006-Present
- Employer Referral Group, LLC; Managing Member; 02/2013-Present
- Gradient Securities, LLC; Registered Representative; 01/2014-Present
- American United Life; Insurance Agent; 11/2006-01/2014
- OneAmerica Securities; Investment Advisor Representative; 11/2006-1/2014
- OneAmerica Securities; Registered Representative; 11/2006-12/2013
- Thrivent Financial Bank; Solicitor; 07/2002-10/2006
- Thrivent Investment Management Inc.; Managing Partner; 02/2003-10/2006
- Thrivent Financial for Lutherans; Insurance Agent; 07/2002-10/2006

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**Other Business Activities Engaged In**

Verlyn Hahn has a financial industry affiliated business as an insurance agent and a registered representative of an unaffiliated broker dealer. Approximately 40% of his time is spent in this business. From time to time, he offers clients advice or products from those activities. Clients are not required to purchase any products.

These practices represent conflicts of interest because it gives an incentive to recommend products based on the commission amount received. This conflict is mitigated by the fact that Mr. Hahn has a fiduciary responsibility to place the interests of the client first and

clients are not required to purchase any products. Clients have the option to purchase these products through another insurance agent or broker dealer of their choosing.

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**Additional Compensation**

Mr. Hahn receives separate, yet typical commissions from insurance companies on the insurance products he sells. He does not receive any performance based fees.

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**Disciplinary Actions**

None to report

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**Supervision**

Verlyn Hahn is supervised by Kelly Hahn, but as the co-owner of Hahn Financial Group, Inc. he is responsible for formulation and monitoring of investment advice offered to clients. He will adhere to the policies and procedures as described in the firm's Compliance Manual.