

Item 1 Cover Page

Registered As: Service 1 Financial Group, Inc.



Doing Business As: Service 1 Financial Group

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August 4, 2015

NOTICE TO PROSPECTIVE CLIENTS: READ THIS DISCLOSURE BROCHURE IN ITS ENTIRETY

All the material within this Brochure must be reviewed by those who are considering becoming a client of our firm. This Brochure provides information about the qualifications and business practices of Service 1 Financial Group doing business as Service 1 Financial Group. If you have any questions about the contents of this Brochure, please contact us at (630) 495-9373 or through our website at <http://www.service1financial.com>.

In accordance with federal and state regulations, this Brochure is on file with the appropriate securities regulatory authorities as required. The information provided within this Brochure is not to be construed as an endorsement or recommendation by state securities authorities in any jurisdiction within the United States, or by the United States Securities and Exchange Commission. 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. Service 1 Financial Group is a state registered investment adviser. Registration of a registered investment adviser does not imply any level of skill or training. Additional information about Service 1 Financial Group also is available on the SEC's Web Site at www.adviserinfo.sec.gov.

Item 2 – Material Changes

In the future, this Item number will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our Brochure.

We will ensure that you receive a summary of any other material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our brochure may be requested by contacting Craig Ibrahim, Chief Compliance Officer at (630) 495-9373 or craig@servicefinancial1.com. We will provide you with a new brochure at any time without charge.

Additional information about Service 1 Financial Group is also available via the SEC's Web Site www.adviserinfo.sec.gov. The SEC's Web Site also provides information about any persons affiliated with Service 1 Financial Group, LLC who are registered, or are required to be registered, as investment adviser representatives of Service 1 Financial Group, LLC.

Item 3 – Table of Contents

Part 2A

Item 1 – Cover Page	1
Item 2 – Material Changes	2
Item 3 – Table of Contents	3
Item 4 – Advisory Business	4
Item 5 – Fees and Compensation	10
Item 6 – Performance-Based Fees and Side-by-Side Management	13
Item 7 – Types of Clients	13
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	13
Item 9 – Disciplinary Information	15
Item 10 – Other Financial Industry Activities and Affiliations	16
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	17
Item 12 – Brokerage Practices	18
Item 13 – Review of Accounts	19
Item 14 – Client Referrals and Other Compensation	20
Item 15 – Custody	20
Item 16 – Investment Discretion	21
Item 17 – Voting Client Securities	21
Item 18 – Financial Information	21

Item 4 – Advisory Business

Service 1 Financial, Inc. was formed in March of 2011 to offer securities through LPL Financial, a Financial Industry Regulatory Authority (FINRA) and Securities Investors Protection Corporation (SIPC) member broker/dealer. The firm also offered investment advisory services through LPL Financial, which is also a Securities and Exchange Commission (SEC) registered investment adviser (RIA).

The firm was founded with the goal of assisting advisors and their clients in every aspect of their financial business. We provide personal service and strive to help create integrity and efficiency. Our Company is based on the principle that education and understanding of the financial industry is vital to success.

In 2015, the firm became registered in the state of Illinois as an investment adviser to offer investment advisory services directly through Service 1 Financial. The firm continues to offer securities through LPL Financial and maintain advisory assets with LPL Financial as the qualified custodian.

Service 1 Financial Group provides fee based investment advisory services for compensation exclusively for clients with a minimum of \$10,000 to invest. As goals and needs change, we'll offer solutions designed to meet your changing needs so you will have the confidence to proceed with the plan that will help you work towards reaching your life goals. Portfolio management services include, but are not limited to, the following: Retirement Investing; Personal investment policy; Asset allocation; Asset selection; and, Regular portfolio monitoring.

As Investment Adviser Representatives (IARs) or Service 1 Financial, we have a fiduciary duty to all clients. As a fiduciary, it is our responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. 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.

Advisor representatives are restricted to providing services and charging fees based in accordance with the descriptions detailed in this document and the account agreement. However, the exact service and fees charged to a particular client are dependent upon the representative that is working with the client. Advisors are instructed to consider the individual needs of each client when recommending an advisory platform. Investment strategies and recommendations are tailored to the individual needs of each client.

The individuals associated with Service 1 Financial Group are appropriately licensed, and authorized to provide advisory services on behalf of Service 1 Financial Group. Some individuals associated with Service 1 Financial Group are also registered representatives of LPL Financial, an SEC registered broker/dealer, a member of the Financial Regulatory Authority ("FINRA") and the Securities Investors Protection Corporation ("SIPC"). Any brokerage securities transactions shall be directed to LPL Financial for execution. Service 1 Financial Group and LPL Financial are not affiliated legal entities.

Any and all material conflicts of interest are disclosed herein.

Management Team

Craig F. Ibrahim, President - started working in the back office of Dreher & Associates in February of 2000. Craig moved into the trading dept. in 2001 and started managing the trading dept. in 2003 after the merge to Waterstone Financial Group. In 2007, Craig became the Manager of the Managed Accounts Department at Waterstone Financial Group. In 2009, Craig started Service 1 Financial Group, an independent OSJ Office. Craig currently holds his Series 04, 07, 24, 53, and 66 securities registrations and is a Registered Principal with LPL Financial.

Craig graduated from Western Illinois University, and holds a Bachelor of Science in Management Information Systems. He enjoys playing and coaching Volleyball and is an avid runner. Craig lives in Plainfield with his wife, Gretchen, their two children, Connor and Gwen, and their dog, Maggie.

Martin A. Campbell, Vice President - started working in the Managed Accounts Department at Waterstone Financial Group in 2007. In 2009, Martin partnered with Craig Ibrahim to start Service 1 Financial Group, an independent OSJ Office. Martin currently holds his Series 07, 24, and 66 securities registrations and is a Registered Principal with LPL Financial.

Martin graduated from Elmhurst College, and holds a Bachelor of Science in Finance and a Minor in International Business. He enjoys water skiing, weight training, and running. Martin lives in Elmhurst.

Asset Management

Service 1 Financial Group through its investment advisor representatives (IARs) provides ongoing investment advice and management on assets in the client's custodial account. Strategic Wealth Management is the name of the custodial account offered through LPL Financial to support investment advisory services provided by Service 1 Financial Group to our clients.

Service 1 Financial Group also offers other account types with LPL Financial as the custodian as well as asset management platforms at custodians other than LPL Financial. The particular platform and custodian are based on the best interests of each individual client. More specific account information and acknowledgements are further detailed on the custodian specific account application.

Investment advisor representatives provide advice on the purchase and sale of various types of investments, such as mutual funds, exchange-traded funds ("ETFs"), variable annuity subaccounts, real estate investment trusts ("REITs"), equities, and fixed income securities. The advice is tailored to the individual needs of the client based on the investment objective chosen by the client in order to help assist clients in attempting to meet their financial goals. Accounts are reviewed on a regular basis and rebalanced as necessary according to each client's investment profile.

Service 1 Financial Group offers asset management on a discretionary and non-discretionary basis. As of August 4, 2015 the firm had the below listed assets under management.

Discretionary	Non-Discretionary
\$0.00	\$0.00

The maximum annual fee is based on percentage of assets under management not to exceed 2.5%. The specific fee for each client is noted on the advisory agreement and based on the number of assets under management and the complexity of the account.

Account fees are negotiable and payable quarterly in advance. Clients may terminate the agreement without penalty for a full refund of fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 30 days' written notice.

Financial Planning Services

As part of our financial planning services, Service 1 Financial Group, through its investment advisor representatives, may provide personal financial planning tailored to the individual needs of the client. These services may include, as selected by the client on the financial planning agreement, information and recommendations regarding tax planning, investment planning, retirement planning, estate needs, business needs, education planning, life and disability insurance needs, long-term care needs and cash flow/budget planning. The services take into account information collected from the client such as financial status, investment objectives and tax status, among other data. Fees for such services are negotiable and detailed in the client agreement.

The financial plan may include generic recommendations as to general types of investment products or specific securities which may be appropriate for the Client to purchase given his/her financial situation and objectives. The Client is under no obligation to act upon the investment adviser's recommendation or purchase such securities through Service 1 Financial Group and the IAR. However, if the Client desires to purchase securities or advisory services in order to implement his/her financial plan, Service 1 Financial Group may make a variety of products and services available through its IARs. This may result in the payment of normal and customary commissions, advisory fees or other types of compensation to Service 1 Financial Group and the IAR.

A conflict exists between the interests of the investment adviser and the interests of the client. Depending on the type of account that could be used to implement a financial plan, such compensation may include (but is not limited to) advisory fees, commissions; mark-ups and mark-downs; transaction charges; confirmation charges; small account fees; mutual fund 12b-1 fees; mutual fund sub-transfer agency fees; hedge fund, managed futures, and variable annuity investor servicing fees; retirement plan fees; fees in connection with an insured deposit account program; marketing support payments from mutual fund, annuity and insurance sponsors; administrative servicing fees for trust accounts; referral fees; compensation for directing order flow; and bonuses, awards or other things of value offered by Service 1 Financial Group to the IAR. To the extent that IAR recommends that Client invest in products and services that will result in compensation being paid to Service 1 Financial Group and the IAR, this presents a conflict of interest. This compensation to IAR and Service 1 Financial Group may be more or

less depending on the product or service that IAR recommends. Therefore, the IAR may have a financial incentive to recommend that a financial plan be implemented using a certain product or service over another product or service.

Financial planning is made available to all clients as a comprehensive service that may or may not result in a written plan. The amount of time required per plan can vary greatly depending on the scope and complexity of an individual engagement. A particular client's financial plan will include the relevant types of planning specific to their needs and objectives such as:

- **Retirement** – planning an investment strategy with the objective of providing inflation-adjusted income for life.
- **College / Education** – planning to pay the future college / education expenses of a child or grandchild.
- **Major Purchase** – Evaluation of the pros and cons of home ownership verse renting as well as buying or leasing a car, for example.
- **Divorce** – planning for the financial impact of divorce such as change in income, retirement benefits and tax considerations.
- **Insurance Needs** – planning for the financial needs of survivors to satisfy such financial obligations as housing, dependent child care and spousal arrangements as well as education.
- **Final Expenses** – planning to leave assets to cover final expenses such as funeral, debts and potential business continuity.
- **Estate Planning** – planning that focuses on the most efficient and tax friendly option to pass on an estate to a spouse, other family members or a charity.
- **Cash Flow/ Budget Planning** – planning to manage expenses against current and projected income.
- **Wealth Accumulation** – planning to build wealth within a portfolio that takes into consideration risk tolerance and time horizon.
- **Business Succession** – planning for the continuation of a business in a smooth a transition as possible with the use of buy-sell agreements, key-man insurance and engaging independent legal counsel as needed.
- **Tax Planning** – planning a tax efficient investment portfolio to maximize deductions and off-setting losses.
- **Investment Planning** – planning an investment strategy consistent with a particular objectives, time horizons and risk tolerances.

Hourly Consulting Services

Service 1 Financial Group, through its investment advisor representatives, may provide consulting services on an hourly basis. These services may include, as selected by the client in the consulting agreement, advice regarding tax planning, investment planning, retirement planning, estate planning, cash flow/budget planning, business planning, education planning, and personal financial planning. The services take into account information collected from the client such as financial status, investment objectives and tax status, among other data. The investment advisor representatives may or may not deliver to the client a written analysis or report as part of the services. The investment advisor representatives tailor the hourly consulting services to the individual needs of the client based on the investment objective chosen by the client. The engagement terminates upon final consultation with the client. The negotiated hourly fee for these services is up to \$400. Fees may be charged in advance, but never more than \$500 and six months in advance, with the remainder due upon presentation of the plan.

Transactions in LPL advisory program accounts are generally effected through LPL as the executing broker/dealer; however, clients may elect a different broker/dealer for trade execution.

Neither the firm nor any investment advisor representative are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

Retirement Investing

Investment advisor representatives may assist clients that are trustees or other fiduciaries to retirement plans (“Plans”) by providing fee-based consulting and/or advisory services.

Investment advisor representatives may perform one or more of the following services, as selected by the client in the client agreement:

- Assistance in the preparation or review of an investment policy statement (“IPS”) for the Plan based upon consultation with client to ascertain Plan’s investment objectives and constraints.
- Acting as a liaison between the Plan and service providers, product sponsors or vendors.
- Ongoing monitoring of investment manager(s) or investments in relation to the criteria specified in the Plan’s IPS or other written guidelines provided by the client to IAR.
- Preparation of reports describing the performance of Plan investment manager(s) or investments, as well as comparing the performance to benchmarks.
- Ongoing recommendations, for consideration and selection by client, about specific investments to be held by the Plan or, in the case of a participant-directed defined contribution plan, to be made available as investment options under the Plan.

- Education or training for the members of the Plan investment committee with regard to various matters, including plan features, retirement readiness matters, service on the committee, and fiduciary responsibilities.
- Assistance in enrolling Plan participants in the Plan, including conducting an agreed upon number of enrollment meetings. As part of such meetings, IARs may provide participants with information about the Plan, which may include information on the benefits of Plan participation, the benefits of increasing Plan contributions, the impact of pre-retirement withdrawals on retirement income, the terms of the Plan and the operation of the Plan.

A corporate plan may make available publicly traded employer stock (“company stock”) as an investment option under their plan. Investment advisor representatives are not responsible for the decision to offer company stock or the risk of the concentration portfolio that may result. In addition, if participants in the plan invest the assets in their accounts through individual brokerage accounts, a mutual fund window, or other similar arrangement, or may obtain participant loans, investment advisor representatives do not provide any individualized advice or recommendations to the participants regarding these decisions.

Such services provided as an investment advisor are subject to the Investment Advisers Act of 1940 (“Advisers Act”), and the advisor is a fiduciary under the Advisers Act with respect to such services. In addition, if client elects to engage an investment advisor representatives to perform ongoing investment monitoring and ongoing investment recommendation services to a Plan subject to ERISA in the client agreement, such services will constitute “investment advice” under Section 3(21)(A)(ii) of ERISA. Therefore, the investment advisor representatives will be deemed a “fiduciary” as such term is defined under Section 3(21)(A)(ii) of ERISA in connection with those services. Clients should understand that to the extent the IAR is engaged to perform services other than ongoing investment monitoring and recommendations, those services are not “investment advice” under ERISA and therefore, the IAR will not be a “fiduciary” under ERISA with respect to those other services.

From time to time the IAR may make the Plan or Plan participants aware of and may offer services available from IAR that are separate and apart from the services provided under Retirement Plan Consulting. Such other services may be services to the Plan, to a client with respect to client's responsibilities to the Plan and/or to one or more Plan participants. In offering any such services, the IAR is not acting as a fiduciary under ERISA with respect to such offering of services. If any such separate services are offered to a client, the client will make an independent assessment of such services without reliance on the advice or judgment of the IAR.

Service 1 Financial Group may offer limited investment advice on a plan participants self-directed retirement plan.

Item 5 – Fees and Compensation

The specific manner in which fees are charged by the firm is established in a client’s written agreement between the client and Service 1 Financial Group – up to 2.5% of assets under management. Clients can determine to engage the services of Service 1 Financial Group on a discretionary or non-discretionary basis.

The hourly consulting fee will be based on the type of services to be provided, experience and expertise required and complexity of the client's circumstances.

In the event that a client desires, a client can engage certain representatives of the firm, in their individual capacities as registered representatives of LPL Financial, an SEC registered and FINRA/SIPC member broker-dealer, to implement investment recommendations on a commission basis. In the event a client chooses to purchase investment products through LPL Financial, LPL Financial will charge brokerage commissions to effect securities transactions, a portion of which commissions LPL Financial shall pay to the firm's representatives, as applicable. The brokerage commissions charged by LPL Financial may be higher or lower than those charged by other broker/dealers.

In addition, LPL Financial, as well as the firm's representatives, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment.

The recommendation that a client purchase a commission product from LPL Financial presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from LPL Financial. The firm's Chief Compliance Officer, Craig Ibrahim, is available to address any questions that a client or prospective client may have regarding this conflict of interest.

LPL Financial charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). LPL enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. LPL Financial commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by LPL Financial may be higher or lower than those charged by other custodians and broker/dealers. Clients may direct their brokerage transactions at a firm other than LPL Financial. Advisory fees are generally not reduced to offset commissions or markups.

When dealing with investment advisory clients and services, investment adviser representatives have an affirmative duty of care, loyalty, honesty and good faith to act in the best interests of its clients. Investment adviser representatives should fully disclose all material facts concerning any conflict that does arise with these clients, and should avoid even the appearance of a conflict of interest.

The Firm and IARs must abide by honest and ethical business practices including, but not be limited to:

- Not inducing trading in a client's account that is excessive in size or frequency in view of the financial resources and character of the account;

- Making recommendations with reasonable grounds to believe that they are appropriate based on the information furnished by the client;
- Placing discretionary orders only after obtaining client's written trading authorization contained within the advisory agreement or via separate amendment;
- Not borrowing money or securities from, or lending money or securities to a client;
- Not placing an order for the purchase or sale of a security if the security is not registered, or the security or transaction is not exempt from registration in the specific state;

The Firm and the IAR will:

- Allocate securities in a manner that is fair and equitable to all clients
- Not effect agency-cross transactions for client accounts

All Investment Adviser Representatives of Service 1 Financial Group are required to sign an acknowledgment of their understanding and acceptance of these terms.

When the firm's representatives sell an investment product on a commission basis, the firm does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, Service 1 Financial Group representatives do not also receive commission compensation for such advisory services (except for any ongoing 12b-1 trailing commission compensation that may be received as previously discussed). However, a client may engage the firm to provide investment management services for an advisory fee and also purchase an investment product from the firm's representatives on a separate commission basis.

Fees for customized and participant advisory services are typically based on the value of assets under management and will vary by engagement. The amount of the fee will be set out in the client agreement executed by the client at the time the relationship is established. The advisory fee is negotiable between the investment advisor representative and the client, and is payable on a quarterly basis either in advance or in arrears as described in the client agreement. LPL Financial is responsible for calculating and deducting advisory fees from client accounts held at LPL Financial. Client will provide LPL Financial with written authorization to deduct fees and pay the advisory fees to the RIA firm. The advisory fee is paid directly by LPL Financial to the RIA firm (not the individual). The RIA firm will then share the advisory fee with its advisors/associated persons. A custom program account may be terminated according to the client agreement. If the client agreement provides for payment in advance and if LPL is notified by Client or Advisor that Advisor and Client have terminated their advisory relationship, LPL will process a prorated refund of Advisor's fees that were pre-paid based upon the number of days remaining in the quarter after the notice of termination to LPL.

In certain cases, LPL Financial may serve as the broker/dealer on transactions in a customized advisory account. In such case, LPL Financial may charge the client transaction charges in connection with trade execution through LPL Financial. The transaction charges will be clearly

stated in the client agreement executed by the client at the time the relationship is established. If the custom advisory services apply to variable annuities for which the investment advisor representative receives trail compensation, such trail fees generally will be used to offset the advisory fee. In most cases, however, a third party broker dealer will provide trade execution. In such case, the broker-dealer may charge clients commissions, markups, markdowns and/or transaction charges.

Advisor receives compensation as a result of a client's participation in an LPL Financial program. Depending on, among other things, the size of the account, changes in its value over time, the ability to negotiate fees or commissions, and the number of transactions, the amount of this compensation may be more or less than what the Advisor would receive if the client participated in other programs, whether through LPL Financial or another sponsor, or paid separately for investment advice, brokerage and other services.

LPL Financial serves as program sponsor, investment advisor and broker/dealer for the LPL advisory programs. Service 1 Financial Group and LPL Financial may share in the account fee and other fees associated with program accounts. Associated persons of Advisor may also be registered representatives of LPL Financial.

Lower fees for comparable services may be available from other sources.

Investment advisor representatives may also be licensed insurance agents. In the capacity of an insurance agent, they may recommend the purchase of certain insurance-related products on a commission basis.

The purchase of securities and/or insurance commission products presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from investment advisor representative of the firm. Clients may purchase investment products recommended by investment advisor representatives through other, non-affiliated broker/dealers or insurance agents. Such conflicts are subject to review by the Chief Compliance Officer for consistency with the firm's Code of Ethics.

Item 6 – Performance-Based Fees and Side-by-side Management

Neither the firm nor any supervised persons accepts performance-based fees, fees based on a share of capital gains, or on the capital appreciation of assets. Service 1 Financial Group does not provide advisory services to such clients as a hedge fund or other pooled investment vehicles.

Item 7 – Types of Clients

The advisory services offered by Service 1 Financial Group are available for individuals, individual retirement accounts ("IRAs"), banks and thrift institutions, pension and profit sharing

plans, including plans subject to Employee Retirement Income Security Act of 1974 (“ERISA”), trusts, estates, charitable organizations, state and municipal government entities, corporations and other business entities.

For customized advisory services, any required minimum account value will be set out in the client agreement.

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

We emphasize continuous and regular account supervision. As part of our asset management service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds (“ETFs”), options, mutual funds and other public and private securities or investments.

The client’s individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client’s circumstances. Once the appropriate portfolio has been determined, we or the third party money manager reviews the portfolio at least quarterly and if necessary, rebalance the portfolio based upon the client’s individual needs, stated goals and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

The firm uses a combination of fundamental and technical analysis, as well as Modern Portfolio Theory in order to formulate investment advice when managing assets. Depending on the analysis the firm will implement a long or short term trading strategy based on the particular objectives and risk tolerance of a particular client.

Fundamental Analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages. Fundamental analysis concentrates on factors that determine a company’s value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Technical Analysis involves the analysis of past market data; primarily price and volume. Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

Modern Portfolio Theory is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various assets. Modern Portfolio Theory assumes that investors are risk adverse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher

expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

Please note, investing in securities involves risk of loss that clients should be prepared to bear. There are different types of investments that involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy will be profitable or equal any specific performance level(s). Past performance is not indicative of future results.

The firms' methods of analysis and investment strategies do not represent any significant or unusual risks however all strategies have inherent risks and performance limitations such as:

- **Market Risk** - the risk that the value of securities may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.
- **Interest Rate Risk** - the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.
- **Credit Risk** - the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.
- **Mutual Funds** - Investing in mutual funds carries the risk of capital loss and thus an investor may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature (mentioned below).
- **Equity** - investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.
- **Fixed Income** - investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk,

liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

- **Exchange Traded Funds (ETFs)** - An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.
- **Annuities** - are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet retirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.
- **Non-U.S. Securities** - present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of an advisory firm or the integrity of a firm’s management.

Any such disciplinary information for the company and the company’s investment advisor representatives would be provided herein and publicly accessible by selecting the Investment Advisor Search option at <http://www.adviserinfo.sec.gov>.

There are no legal or disciplinary events to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

Investment advisor representatives may also be registered representatives of LPL Financial, an unaffiliated SEC registered and FINRA/SIPC member broker/dealer. Clients may choose to engage a registered investment advisor in their capacity as a registered representative of the unaffiliated LPL Financial broker/dealer, to implement investment recommendations on a commission basis.

Representatives of our firm may be insurance agents/brokers. They may offer insurance products and receive customary fees as a result of insurance sales. A conflict of interest may arise as these insurance sales may create an incentive to recommend products based on the compensation adviser and/or our supervised persons may earn and may not necessarily be in the best interests of the client. Such potential conflicts of interest are subject to review by the Chief Compliance Officer.

Third Party Advisory Services

Service 1 Financial Group may enter into agreements with various third-party advisers. Under these agreements, the Service 1 Financial Group offers clients various types of programs sponsored by these advisers. All third-party investment advisers to whom the Adviser will refer clients will be licensed as investment advisers by their resident state and any applicable jurisdictions or registered investment advisers with the Securities and Exchange Commission.

After gathering information about a client's financial situation and investment objectives, Service 1 Financial Group will assist the client in selecting a particular third-party program. Service 1 Financial Group receives compensation pursuant to its agreements with these third-party advisers for introducing clients to these third-party advisers and for certain ongoing services provided to clients.

This compensation is disclosed to the client in a separate disclosure document and is typically equal to a percentage of the investment advisory fee charged by that third-party adviser or a fixed fee. The disclosure document provided by the Adviser will clearly state the fees payable to Service 1 Financial Group and the impact to the overall fees due to these payments.

Since the compensation Service 1 Financial Group receives may differ depending on the agreement with each third-party adviser, Service 1 Financial Group may have an incentive to recommend one third-party advisers over another, if the compensation arrangements are more favorable. Since the independent third-party adviser may pay the fee for the investment advisory services of the Service 1 Financial Group, the fee paid to Service 1 Financial Group is not negotiable, under most circumstances.

Fees paid by clients to independent third-parties are established and payable in accordance with the Form ADV 2A or other equivalent disclosure document of each independent third-party adviser to whom Service 1 Financial Group refers its clients, and may or may not be negotiable, as disclosed in the disclosure documents of the third-party adviser.

Clients who are referred to third-party investment advisers will receive full disclosure, including services rendered and fee schedules, at the time of the referral, by delivery of a copy of the

relevant third-party adviser's Form ADV 2A or equivalent disclosure document at the same time as the Form ADV 2A or equivalent disclosure document of the Adviser.

In addition, if the investment program recommended to a client is a wrap fee program the client will also receive the wrap fee brochure provided by the sponsor of the program. Assets managed in a wrap fee program are managed in the same manner as assets in a non-wrap fee program. A portion of the wrap fee is paid to the advisor for providing comprehensive asset management services and certain transaction fees that would otherwise be paid by the client.

The Adviser will provide to each client all appropriate disclosure statements, including disclosure of solicitation fees to the Adviser and its advisory associates.

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

Service 1 Financial Group maintains a Code of Ethics, which serves to establish a standard of business conduct for all employees that are based upon fundamental principles of openness, integrity, honesty and trust.

The code of ethics includes guidelines regarding personal securities transactions of its employees and investment advisor representatives. The code of ethics permits employees and investment advisor representatives or related persons to invest for their own personal accounts in the same or different securities that an investment advisor representative may purchase for clients in program accounts. This presents a potential conflict of interest because trading by an employee or investment advisor representatives in a personal securities account in the same or different security on or about the same time as trading by a client could potentially disadvantage the client. Service 1 Financial Group addresses this conflict of interest by requiring in its code of ethics that employees and investment advisor representatives report certain personal securities transactions and holdings to the Chief Compliance Officer for review. In addition, the Chief Compliance Officer is an interested party on all advisor account held away from LPL Financial and receives duplicate statements.

Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. 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. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction being implemented for an advisory account, thereby preventing an employee from benefiting from transactions placed on behalf of advisory accounts.

Service 1 Financial Group does not recommend clients buy or sell securities where a material financial interest may exist.

Item 12 – Brokerage Practices

Service 1 Financial Group receives support services and/or products from LPL Financial, many of which assist the Service 1 Financial Group to better monitor and service program accounts maintained at LPL Financial. These support services and/or products may be received without cost, at a discount, and/or at a negotiated rate, and may include the following:

- investment-related research
- pricing information and market data
- software and other technology that provide access to client account data
- compliance and/or practice management-related publications
- consulting services
- attendance at conferences, meetings, and other educational and/or social events
- marketing support
- computer hardware and/or software
- other products and services used by Advisor in furtherance of its investment advisory business operations

Service 1 Financial Group has an arrangement with LPL Financial. LPL Financial offers to independent investment advisers non-soft dollar services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some non-soft dollar benefits from LPL Financial through our participation in the program.

It is not the result of soft dollar arrangements or any other express arrangements with LPL Financial that involves the execution of client transactions as a condition to the receipt of services. These support services are provided to Service 1 Financial Group based on the overall relationship between Service 1 Financial Group and LPL Financial. Service 1 Financial Group will continue to receive the services regardless of the volume of client transactions executed with LPL Financial. Clients do not pay more for services as a result of this arrangement. There is no corresponding commitment made by the Service 1 Financial Group to LPL Financial or any other entity to invest any specific amount or percentage of client assets in any specific securities as a result of the arrangement.

LPL Financial may make certain research and brokerage services available at no additional cost to our firm. These services may be directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by LPL Financial may include research reports on recommendations or other information about particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by LPL Financial to our firm in the performance of our investment decision-making responsibilities.

Although the non-soft dollar investment research products and services that may be obtained by our firm will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

As a result of receiving the services Service 1 Financial Group may have an incentive to continue to use or expand the use of LPL Financial services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with LPL and we have determined that the relationship is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

Clients may pay a commission to LPL Financial that is higher than another qualified broker dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

Neither we nor any of our firm's related persons have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. We routinely recommend that a client directs us to execute through a specified broker-dealer. Our firm recommends the use of LPL Financial. Each client that chooses LPL Financial will be required to establish an account if not already done. Please note that not all advisers have this requirement.

Clients may direct their brokerage transactions at a firm other than LPL Financial. However, we may be unable to achieve more favorable executions of client transactions. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices.

Item 13 – Review of Accounts

For those clients to whom Service 1 Financial Group provides investment supervisory services, account reviews are conducted on an ongoing basis by Craig Ibrahim, the Chief Compliance Officer. All investment supervisory clients are advised that it remains their responsibility to advise Service 1 Financial Group of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with their investment advisor representative on an annual basis.

Craig Ibrahim, the Chief Compliance Officer, may also conduct account reviews based on the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and by client request.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Service 1 Financial Group may also provide a written periodic report summarizing account activity and performance.

Item 14 – Client Referrals and Other Compensation

Service 1 Financial Group receives an economic benefit from LPL Financial in reimbursement for marketing related expenses. Please see detailed discussion of the categories of marketing related expenses and potential conflicts of interest in Item 12 Brokerage Practices.

Service 1 Financial Group and employees may receive additional compensation from product sponsors. However, such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings with investment advisor representative, client workshops or events, marketing events or advertising initiatives, including services for identifying prospective clients. Product sponsors may also pay for, or reimburse Service 1 Financial Group for the costs associated with, education or training events that may be attended by Service 1 Financial Group employees and investment advisor representatives and for Service 1 Financial Group sponsored conferences and events.

Service 1 Financial Group may have agreements in place to pay solicitors a portion of advisory fees. Service 1 Financial Group may directly or indirectly compensate a person who is not a supervised person for client referrals.

There are no other economic benefits provided by someone who is not a client for providing investment advice.

Item 15 – Custody

Service 1 Financial Group does not have actual or constructive custody of client funds. LPL Financial will primarily serve as the custodian of client assets on behalf of Service 1 Financial Group. Service 1 Financial Group may also provide advisory services on assets held at different third party custodians such as TD Ameritrade, Fidelity and Charles Schwab for example.

Service 1 Financial Group urges you to carefully review the statements provided by the custodian and compare such official custodial records to the account statements that may be provided by Service 1 Financial Group.

The custodian sends statements at least quarterly to clients showing all disbursements in account including the amount of the advisory fees paid to advisor, the value of client assets upon which advisor's fee was based, and the specific manner in which advisor's fee was calculated. Clients

generally provide authorization to the custodian permitting advisory fees to be deducted from client advisory account. The custodian generally calculates the advisory fees and deducts them from client's account every quarter. In some cases client account are considered as a household and the asset management fee is calculated by Service 1 Financial Group.

Item 16 - Investment Discretion

The client can determine to engage Service 1 Financial Group to provide investment advisory services on a discretionary basis. Prior to Service 1 Financial Group assuming discretionary authority over a client's account, the client shall be required to execute an Investment Advisory Agreement, naming Service 1 Financial Group as the client's attorney and agent in fact, granting Service 1 Financial Group full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Item 17 – Voting Client Securities

Service 1 Financial Group does not vote client proxies but third party money managers selected or recommended by our firm may vote proxies for clients. Clients will otherwise receive their proxies or other solicitations directly from their custodian. Clients may contact Service 1 Financial Group at (317) 876-8702 to discuss any questions they may have with a particular solicitation.

Item 18 – Financial Information

Service 1 Financial Group does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance.

There are no financial conditions that are reasonably likely to impair the firm's ability to meet contractual commitments to clients. At no time has Service 1 Financial Group been the subject of a bankruptcy petition.