

**Item 1: Cover Page for Part 2A of Form ADV:
Firm Brochure
December 18, 2015**

Zhang Financial LLC
doing business as

ZHANG FINANCIAL

**5931 Oakland Dr.
Portage, MI. 49024**

**Firm Contact:
Lynn Chen-Zhang, Chief Compliance Officer**

**Firm Website Address:
www.ZhangFinancial.com**

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

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

Please note that the use of the term “registered investment adviser” and description of Zhang Financial and/or our associates as “registered” does not imply a certain level of skill or training. You are encouraged to review this Brochure and the Brochure Supplements for our firm’s associates who advise you for more information on the qualifications of our firm and our employees.

Item 2: Material Changes to Our Part 2A of Form ADV: Firm Brochure

This Item discusses only the material changes made to Zhang Financial's last Form ADV Part 2A dated October 8, 2015. We have updated the information contained under Item 4 to disclose that Zhang Financial has entered into a sub-advisory arrangement with another registered investment advisory firm, as well as to update our assets under management as of December 12, 2015.

Item 3: Table of Contents

<u>Section:</u>	<u>Page(s):</u>
Item 1. Cover Page	1
Item 2. Material Changes to the Firm Brochure	2
Item 3. Table of Contents	3
Item 4. Advisory Business	4
Item 5. Fees and Compensation	7
Item 6. Performance-Based Fees and Side-By-Side Management	9
Item 7. Types of Clients and Account Requirements	9
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss	10
Item 9. Disciplinary Information	12
Item 10. Other Financial Industry Activities and Affiliations	12
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	13
Item 12. Brokerage Practices	14
Item 13. Review of Accounts or Financial Plans	16
Item 14. Client Referrals and Other Compensation	16
Item 15. Custody	17
Item 16. Investment Discretion	17
Item 17. Voting Client Securities	17
Item 18. Financial Information	17

Item 4: Advisory Business

Zhang Financial is dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a limited liability company formed in the State of Michigan and became an investment adviser registered with the U.S. Securities and Exchange Commission in January 2012. It is 100% owned by Charles C. Zhang. Our firm offers asset management and advisory services to our clients. We provide these services to both individuals and entities.

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 client's particular investment goal, as communicated to us, which we determine to be suitable to the client's circumstances.

As part of our asset management services, we also provide pension-consulting services to employer plan sponsors on a one-time or ongoing basis. Generally, such pension consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising could include: investment options, plan structure and participant education. All pension consulting services shall be in compliance with the applicable state law(s) regulating pension-consulting services. This applies to client accounts that are pension or other employee benefit plans ("Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

If the client accounts are part of a Plan, and we accept appointments to provide our services to such accounts, we acknowledge that we are a fiduciary within the meaning of Section 3(21) of ERISA (but only with respect to the provision of services described in section 1 of our Pension Consulting Agreement).

We also provide a variety of financial planning and consulting services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of the client's current situation, goals, and objectives. Generally, such financial planning services will involve the preparation of a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning or consulting may encompass one or more of the following areas: Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Cost Segregation Study, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, Employee Stock Option Planning, and Business and Personal Financial Planning.

Our written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise

investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. We refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services. In the alternative, and as part of our services, we may also engage other professionals, selected by us, for the purposes of preparing tax plans or estate plans on behalf of our clients.

For written financial planning engagements, we provide our clients with an initial written summary of their financial situation, observations, and recommendations. For financial consulting engagements, we usually do not provide our clients with a written summary of our observations and recommendations. Plans or consultations are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

Sub-Advisory Services

In addition to the services above, Zhang Financial also provides investment advisory services to the following groups of clients: pension and profit sharing plans, charitable organizations and municipal government entities, on a sub-advisory basis. Under this arrangement, we provide continuous investment advisory services to sub-advisory account clients, including, recommending asset allocation, providing research and performing back office functions. However, the advisor to such sub-advisory account clients retains sole discretion to determine whether to implement our advice and/or recommendations. As such, we do not have the authority to execute trading and/or investment recommendations given.

Individual Tailoring of Advice to Clients

We offer individualized investment advice to clients utilizing our Asset Management services and to our sub-advisory clients. On the other hand, we offer general investment advice to clients utilizing our Financial Planning and Consulting, and Pension Consulting services.

We typically do not allow clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account. In the rare instance that we would allow restrictions, it would be limited to our Asset Management services.

Participation in wrap fee programs

We offer wrap fee programs as more specifically described in Part 2A, Appendix 1 (the “Wrap Fee Program Brochure”) of our Brochure. Our wrap fee and non-wrap fee accounts are managed on an individualized basis according to the client’s investment objectives, financial goals, risk tolerance and other determining factors. We do not manage wrap fee accounts in a different manner than non-wrap fee accounts. As further described in our Wrap Fee Program Brochure, we receive 100% of the fees due under our Wrap Fee Program.

Amounts of Assets Under Management

As of December 12, 2015, we had assets under management¹ in the approximate amount of \$2,100,900,000 of which \$900,900,000 is being managed on a discretionary basis and \$1,200,000,000 is being managed on a non-discretionary basis.

¹ Please note that our method for computing the amount of “client assets we manage” can be different from the method for computing “assets under management” required for Item 5.F in Part 1A of Form ADV. However, we have chosen to follow the method outlined for Item 5.F in Part 1A of Form ADV. If we decide to use a different method at a later date to compute “client assets we manage,” we must keep documentation describing the method we use and inform you of the change. The amount of assets we manage may be disclosed by rounding to the nearest \$100,000.

Item 5: Fees and Compensation

Fee Schedules

Asset Management Services

Our firm's annual fees for asset management services is generally a specified percentage negotiated between, and agreed to by, us and our clients and, generally, does not exceed 2% of the market value of assets under management.

We have a wrap fee program that allows our clients to pay a specified fee for investment advisory services and the execution of transactions. The advisory services may include portfolio management, and the fee is not based directly upon transactions in a client's account. This fee is bundled with our costs for executing transactions in our client's account(s). This may result in a higher advisory fee to you. While we do not charge our clients higher advisory fees based on their trading activity, you should be aware that we may have an incentive to limit the trading activities in your account(s) because we are charged for executed trades. By participating in our wrap fee program, you may end up paying either more or less than you would through a non-wrap fee program because in a non-wrap fee program, a lower advisory fee may be charged, however, trade execution costs are passed directly to you by the executing broker. For more information regarding our wrap fee program, please see Part 2A, Appendix 1 of this Brochure.

Pension Consulting:

We may charge either a percentage or on a flat fee basis for pension consulting services provided as part of our asset management services. If we charge based on a percentage of assets under management, such fee shall generally not exceed 2.00%.

If we charge on a flat fee basis for pension consulting services, the total estimated fee, as well as the ultimate fee that we charge our clients, shall be based on the scope and complexity of our engagement. Our flat fees generally range from \$1,000 to \$250,000. Flat fees will be charged annually for ongoing pension consulting services. In all cases, we will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 (six) months.

Financial Planning and Consulting:

We charge either on an hourly or flat fee basis for financial planning and consulting services. The total estimated fee, as well as the ultimate fee that we charge, is based on the scope and complexity of our engagement. Our hourly fees generally range from \$100 to \$500 for financial advisors. Flat fees generally range from \$250 to \$250,000.

Other Fees:

In addition to the fees discussed above, clients may also be subject to other fees and expenses, such as, but not limited to, prime broker charges, interest on margin accounts, borrowing charges on securities sold short, wire transfer and electronic fund transfer fees, fees and taxes on brokerage accounts and securities transactions, charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses) and other charges related to account and asset management. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through.

Sub-Advisory Services:

As set forth under Item 4 above, we have been engaged by an investment adviser to manage accounts on its behalf. In our capacity as "sub-advisor" to these accounts, our fees and services are determined by contract with the adviser. Information regarding these sub-advisory arrangements can be obtained upon request.

Fee Billing

Asset Management:

Our firm's fees for asset management services are calculated on a pro-rata annualized basis, paid quarterly in advance based on the market value of a client's account as of the last day of the previous quarter. Although in rare cases we may agree to directly bill clients for our fees, such fees are generally automatically deducted from a client's account.

Pension Consulting:

The fee payment arrangements for pension consulting service will be determined on a case-by-case basis and will be detailed in the signed Pension Consulting Agreement. The client will be invoiced directly for the fees.

Financial Planning and Consulting:

For financial planning and consulting services, we may require a retainer of fifty-percent (50%) of the agreed upon financial planning or consulting fee, with the remainder of the fee directly billed. Such fee is due to us within thirty (30) days from the delivery of the financial plan or from the date of the consultation rendered. In all cases, we will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 (six) months.

Sub-Advisory Services

Fees for the sub-advisory services we render are payable at the end of each quarter.

Refunds

In the event that our services are terminated, we will refund the unearned portion of any pre-paid advisory fee, on a pro-rata basis. Clients are requested to advise us in writing if they wish to terminate our services. Upon receipt of the letter of termination, we will promptly proceed to close out the account and process a refund of unearned advisory fees calculated on a pro-rata basis.

Compensation for Sale of Securities

We do not, and our supervised persons do not, accept compensation for the sale of securities or other investment products.

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

We do not accept performance-based fees. Performance-based fees are those based on a share of capital gains on, or capital appreciation of, the assets of a client.

Item 7: Types of Clients and Account Requirements

Types of clients we typically have include:

- Individuals and High Net-Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit Sharing Plans; and

In addition, we also provide sub-advisory services to the following:

- Pension and profit sharing plans
- Charitable organizations; and
- Municipal government entities

With respect to asset management clients, we generally impose a minimum account balance of \$250,000 to open or maintain an account with us. Generally, this minimum account balance requirement is not negotiable and would be required throughout the course of the client's relationship with our firm. However, this account minimum requirement may be waived in certain circumstances, in our sole discretion.

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

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

Methods of Analysis:

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

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

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

Investment Strategies:

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

Certain Risks Associated with Methods of Analysis and Investment Strategies

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

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and clients' accounts could enjoy a gain, it is also possible that the stock market may decrease and clients' accounts could suffer a loss. It is important that clients understand that all investment activities involve a degree of risks, including the possible risk of loss of their entire investment, as well as the gains earned thereon. Some of these risks are briefly described below.

Highly Volatile Markets - The prices of the instruments traded and held in client accounts have been subject to periods of excessive volatility in the past, and such periods can be

expected to continue. Price movements are influenced by factors which we may be unable to predict, such as market sentiment, inflation rates, interest rate movements and general economic and political conditions. In addition, governments may, from time to time, intervene, directly and through regulation, in certain markets, particularly those in currencies, financial instrument futures and options. Such intervention often is intended to directly influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

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

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

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

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

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

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

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

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

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

The discussion of risks above is not meant to be a complete description of all risks that clients may face. Clients should be prepared to bear the risks of their investments.

Item 9: Disciplinary Information

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

Item 10: Other Financial Industry Activities and Affiliations

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

Neither Zhang Financial nor any of its management persons have affiliations with broker-dealers, municipal securities dealers or government securities dealers, investment companies or other pooled investment vehicles, other investment advisers or financial planners, futures commodity merchant, commodity pool operator or commodity trading advisor, banking or thrift institutions, accountants or accounting firms, lawyers or law firms, pension consultant, real estate broker or dealer or sponsor or syndicator of limited partnerships other than as described below.

Lynn Chen-Zhang, our Chief Compliance Officer, is the owner of Lynn Chen-Zhang, CPA, PLC, an entity that provides tax preparation services.

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

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

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

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

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

Our firm, as well as individuals associated with our firm, may buy or sell for their personal accounts securities that are identical to those recommended or purchased for client accounts. In addition, associated individuals of our firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. This practice creates a potential conflict of interest in that Zhang Financial or individuals associated with us may have an incentive not to recommend the sale of securities held by clients in order to protect the value of their personal investment. Such potential conflict of interest is addressed in our Code of Ethics, which requires all of personnel to always place client interests ahead of their own and to adhere to the procedures set forth in our firm's Code of Ethics relating to these transactions.

We currently do not engage in block trading. In the event that this policy changes, we will implement policies requiring that if a related persons' accounts are included in a block trade, our related persons will always trade personal accounts last in order to prevent such related person from benefiting from transactions placed on behalf of client accounts. All transaction costs related to block trades or transactions shall be shared on a pro-rated basis between all accounts included in any such block trade.

Item 12: Brokerage Practices

Potential Conflicts of Interest

Our firm has a non-soft dollar arrangement with LPL Financial, LLC ("LPL") and TD Ameritrade, Inc. ("TD Ameritrade") ("hereinafter referred to collectively as "Custodian"). Services provided by the Custodians include custody of securities, trade execution, and clearance and settlement of transactions. We receive some benefits from the Custodian through our participation in the program. Further, the Custodian also makes certain research and brokerage services available to us at no additional cost. These services include research and brokerage services, including research services obtained by Custodian directly from independent research companies that are selected by our firm (within specific parameters). Research products and services provided by the Custodian to us 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 Custodian to our firm in the performance of our investment decision-making responsibilities.

The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion, and not solely for particular clients. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

As a result of receiving these services for no additional cost, we may have an incentive to continue to use or expand the use of the Custodian's services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with the Custodian and we have determined that the relationship is in the best interest of our firm's clients and satisfies our client obligations, including our duty to seek best execution.

The Custodian 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) not included in our wrap fee accounts. The Custodian enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. The Custodian's commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by the Custodian may be higher or lower than those charged by other custodians and broker-dealers.

Best Execution

Zhang Financial, as a matter of policy, seeks to obtain best execution for client transactions, *i.e.*, seeking to obtain not necessarily the lowest commission but the best overall qualitative execution in the particular circumstances. While best execution is difficult to define and to measure, it is generally accepted that it does not only mean achieving the best price but also involves many factors, such as the characteristics of specific trades, the stock being traded, quality of execution, clearance/settlement capabilities, specific needs of the Firm's clients, and conditions in the market at the time the order is placed.

The Firm will review its best execution responsibilities when directing brokerage to any broker-dealer (especially affiliated entities, if any), determining commission discounts and disclosing the various conflicts of interest inherent in this direction. Participants in the execution process, including the information gathering process, should include individuals using a broker/dealer's services such as portfolio managers, analysts and operations personnel. The Chief Compliance Officer will be responsible for supervising our Best Execution Policy.

Soft Dollars

As a matter of policy, Zhang Financial does not have any formal or informal arrangements or commitments to use research, research-related products and other services obtained from broker-dealers, or third parties, on a soft dollar commission basis. This includes the use of soft dollars to correct trade errors.

Trade Allocation Procedures

While we do not generally engage in block trading, there may be occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm. Such concurrent purchases or sales will only be affected if we believe that to do so will be in the best interest of the effected accounts.

When such concurrent authorizations occur, we will attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

Zhang Financial will not allocate trades in such a way that its own or affiliated account(s) (including those of supervised persons) or select clients receive more favorable treatment than the firm's other client accounts. Generally, if an aggregated order is filled in its entirety, we anticipate that it will be allocated among clients in accordance with the allocation statement; if the order is partially filled, it should be allocated pro-rata. Notwithstanding the foregoing, the order may be allocated on a different basis if all client accounts receive fair and equitable treatment. We will receive no additional compensation of any kind as a result of the

proposed aggregation.

Special Considerations for ERISA Clients

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

Item 13: Review of Accounts

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

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

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

Item 14: Client Referrals and Other Compensation

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

Item 15: Custody

We do not have physical custody of client funds or securities, which are held by qualified custodians. However, we are deemed to have custody of client funds and securities because we have the authority to deduct advisory fees directly from the clients' accounts. As such, and in accordance with Rule 206(4)-2 under the Investment Advisers Act of 1940, all of our clients receive at least quarterly account statements directly from their custodians. Upon opening an account with a qualified custodian on a client's behalf, we promptly notify the client in writing of the qualified custodian's contact information. If we decide to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm.

The custodians send each client an independent account statement listing their respective account balance(s), transaction history and any fees or other amounts debited from such account, on no less than a quarterly basis. As indicated above, clients are encouraged to review the statements received from custodians against any statements or reports received from us.

Item 16: Investment Discretion

We provide discretionary Asset Management services to our clients, other than the sub-advisory clients. Prior to assuming discretionary authority, clients are required to execute a discretionary investment advisory agreement with our firm which sets forth any restrictions on the discretionary authority granted to us. This type of agreement only applies to our Asset Management clients.

Item 17: Voting Client Securities

We do not and will not accept the proxy authority to vote client securities, although in the future we may choose to vote proxies for clients governed under ERISA. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to the client and ask the party who sent them to mail them directly to the client in the future. As the client is responsible for voting their proxies, clients cannot direct Zhang Financial to vote in a particular solicitation. Clients may call at (269) 385-5888, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

Item 18: Financial Information

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