

## **Item 1. Cover Page**

### **Brochure Form ADV Part 2A**

## **Merit Financial Group, LLC** **CRD# 142457**

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**March 31, 2017**

This Brochure provides information about the qualifications and business practices of Merit Financial Group, LLC *dba Merit Financial Advisors, Merit Advisor Services, Financial Development Systems, SHARP ADVISORS, Consilium Associates, and Allegiance Retirement Solutions*. If you have any questions about the contents of this Brochure, please contact Chief Compliance Officer Rick Kent by telephone at (678) 867-7050 or email at [RKent@meritfa.com](mailto:RKent@meritfa.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Merit Financial Group, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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

### **Item 2. Material Changes**

This Brochure is prepared in the revised format required beginning in 2011. Registered Investment Advisers are required to use this format to inform clients of the nature of advisory services provided, types of clients served, fees charged, potential conflicts of interest and other information. The Brochure requirements include the annual provision of a Summary of Material Changes (the "Summary") reflecting any material changes to our policies, practices, or conflicts of interest made since our last required "annual update" filing. In the event of any material changes, such Summary is provided to all clients within 120 days of our fiscal year-end. Our last annual update was filed on March 30, 2016.

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## Item 4. Advisory Business

### About our Firm:

Merit Financial Group, LLC (hereinafter “the Firm,” “we,” “our,” or “us”) was established as an SEC registered investment advisory firm in 2007.<sup>1</sup> Our mission is to provide a superior level of coordinated, unbiased advice to help you achieve your financial goals through professional wealth management. We provide our clients with a wide array of specialized advisory services, including: asset management, financial planning, retirement plan advice, participant consulting, employee wellness programs and educational workshops.

Rick L. Kent, the Firm’s President and Founder, is the sole owner of Merit Financial, Inc., which is the sole owner of the Firm. Please see the **Brochure Supplement(s)** for more information on Mr. Kent and other individuals who formulate investment advice and have direct contact with clients, or have discretionary authority over client accounts.

As of December 31, 2016, our assets under management were \$819,473,297 on a discretionary basis and \$30,045,185 on a non-discretionary basis.

### Asset Management

#### *Direct Asset Management Services*

We generally follow an established investment management process with a long-term orientation. For most clients, we believe that a long-term diversified approach is the most suitable investment strategy. As part of our asset management services, we may create a portfolio consisting of individual stocks or bonds, exchange traded funds (“ETFs”), options, mutual funds, variable annuities and other public and private securities or investments. We also manage a select group of model asset allocation portfolios that are used in client accounts, when appropriate. Each portfolio is designed to meet the client’s particular investment goals, risk tolerance and financial circumstances. The client’s individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned strategies and securities. Once a suitable portfolio has been determined, we review the portfolio periodically or as often as necessary, and will rebalance and/or recommend modifications to the portfolio as needed.

We will manage the client’s investment portfolio on a discretionary or a non-discretionary basis. As a discretionary investment adviser, we will have the authority to supervise and direct the portfolio without prior consultation with the client. Under a non-discretionary arrangement, clients must be contacted prior to the execution of any trade in the account(s) under management. This can result in a delay in executing recommended trades, which could adversely affect the performance of the portfolio. This delay also normally means the affected account(s) will not be able to participate in block trades, a practice designed to enhance the execution quality, timing and/or cost for all accounts included in the block. In a non-discretionary arrangement, the client retains the responsibility for the final decision on all actions taken with respect to the portfolio.

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<sup>1</sup> Merit Financial Group, LLC also does business under the names: *Merit Financial Advisors, Merit Advisor Services, Financial Development Systems, SHARP ADVISORS, Consilium Associates, and Allegiance Retirement Solutions.*

Clients may impose certain written restrictions in the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments in an investment portfolio or prohibiting the sale of certain investments held in the account at the commencement of the relationship. Each client should note, however, that restrictions imposed by a client may adversely affect the composition and performance of the client's investment portfolio. Each client should also note that his or her investment portfolio is treated individually by giving consideration to each purchase or sale for the client's account. For these and other reasons, performance of client investment portfolios within the same investment objectives, goals and/or risk tolerance may differ and clients should not expect that the composition or performance of their investment portfolios would necessarily be consistent with those of similar clients.

Clients may elect to pay management fees to us separately from the brokerage expenses of the account. Accordingly, such clients pay a management fee, plus the cost of transactions in the account. Alternatively, clients may elect to participate in our Wrap Program. The Wrap Program fee structure includes the brokerage expenses (i.e., commissions, ticket charges, etc.) of the account as well as our management fee. Our firm does not manage wrap fee accounts in a different fashion than non-wrap fee accounts.

#### *Asset Management Services through LPL Financial*

In addition to directly managing client assets, we may recommend the portfolio management services available through certain programs sponsored by LPL Financial Corporation ("LPL Financial"). Below is a brief description of each LPL Financial advisory program we recommend. For more information regarding the LPL Financial programs, including the advisory services and fees that apply, the types of investments available in the programs and the potential conflicts of interest presented by the programs, please see the applicable LPL Brochure (or Wrap Brochure) and LPL client agreement.

- *Optimum Market Portfolios Program ("OMP")*  
OMP offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds Class I shares. We assist the client in determining the suitability of OMP and in setting an appropriate investment objective. We then use our discretion to select the asset allocation portfolio designed by LPL Financial consistent with the client's investment objective. The client will provide LPL Financial the discretionary authority to purchase and sell Optimum Funds and rebalance the account pursuant to the portfolio selected for the client. A minimum account value of \$15,000 is required for OMP.
- *Model Wealth Portfolios Program ("MWP")*  
MWP is a wrap program sponsored by LPL Financial that offers clients a professionally managed asset allocation program comprised of exchange traded products ("ETPs") and mutual funds. We will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. We initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL Financial's Research Department consistent with the client's stated investment objective. LPL Financial's Research Department is responsible for selecting the investments within a model portfolio and for making changes to the investments selected. The client will authorize LPL Financial to act on a discretionary basis to purchase and sell mutual funds, including in certain circumstances ETPs,

and to liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing transactions for MWP accounts.

The MWP program also makes available model portfolios designed by strategists other than LPL Financial's Research Department. When such models are available, we have discretion to choose among the models designed by LPL and outside strategists. A minimum account value of \$100,000 is required for MWP.

### **Financial Planning**

We provide a variety of financial planning services to individuals, families and other types of clients regarding the management of their financial resources. Our comprehensive planning services involve analysis of the client's overall financial situation, goals and objectives and typically addresses multiple financial planning topics based on the client's individual needs and circumstances. Comprehensive planning services clients will receive a full written financial plan. We also offer more limited-focus planning advice that covers only those specific areas of concern mutually agreed upon by us and the client.

Planning advice 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, Business and Personal Financial Planning.

Our planning advice generally includes financial recommendations for a course of activity or specific actions to be taken by the client. For example, recommendations may be made that the client begins or revises 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.

In some situations, the client can elect to receive a verbal summary of our review, conclusions and recommendations. However, when financial planning services are comprehensive in nature, we typically prefer to prepare a written financial plan. The client's Financial Planning Agreement with us will set forth the type of report the client will receive.

It should be noted that we may refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services. Implementation of the recommendations will be at the discretion of the client.

### **Merit Compass Program**

Merit Compass is a program offered to help clients realize the value of their employer's benefits package, understand all options available within their benefits package, and how to take advantage of those benefits to work towards a secure future. These services are offered on an employee participant level. We analyze the client's situation and the employer's benefits options in light of current market conditions. Our goal is to help clients to minimize their risk while also taking advantage of changing market conditions and trends to help their goals become reality. The Merit Compass Program includes, but is not limited to, analyses of the client's current retirement plan options, investment selection and rebalancing. The client is responsible for implementing the recommendations we provide at their discretion.

### **Worksite Financial Wellness Program**

Financial health is a major component of employee wellness and can drive engagement, productivity and success. Our Worksite Financial Wellness Program provides employers with the tools to measure and improve their employees' financial wellbeing. Companies engaging us for this service will have access to our Financial Wellness Assessment, a proprietary tool we developed, that aggregates data based on employees' usage of our online Financial Learning Center. Based on the results of the employees' comprehensive Financial Wellness Assessments, we customize workshops to deliver training on topics that may include, among other things: debt reduction, asset management and saving for current and future needs—such as purchasing a home, financing their children's education or preparing for retirement. One on one meetings are also available to employees where we will provide in depth information around any important personal topic. Clients should note that our education presentations and meetings will not take into account the individual circumstances of the participants and individual recommendations will not be provided unless a participant separately engages us for such services.

We may also be engaged by third-party advisers to provide our Worksite Financial Wellness Program to their retirement plan and corporate clients.

### **Retirement Plan Advisory Services**

Establishing a sound fiduciary governance process is vital to good decision-making and to ensuring that prudent procedural steps are followed in making investment decisions. We will provide Retirement Plan consulting services to Plans and Plan Fiduciaries as described below. The particular services provided will be detailed in our written agreement. The appropriate Plan Fiduciary(ies) designated in the Plan documents (e.g., the Plan sponsor or named fiduciary) will (i) make the decision to retain our firm; (ii) agree to the scope of the services that we will provide; and (iii) make the ultimate decision as to accepting any of the recommendations that we may provide. The Plan Fiduciaries are free to seek independent advice about the appropriateness of any recommended services for the Plan. Retirement Plan consulting services may be offered individually or as part of a comprehensive suite of services.

The Employee Retirement Income Security Act of 1974 ("ERISA") sets forth rules under which Plan Fiduciaries may retain investment advisers for various types of services with respect to Plan assets. For certain services, MFG will be considered a fiduciary under ERISA. For example, we will act as an ERISA § 3(21) fiduciary when providing non-discretionary investment advice to the Plan Fiduciaries by recommending a suite of investments as choices among which Plan Participants may select. Also, to the extent that the Plan Fiduciaries retain us to act as an investment manager within the meaning of ERISA § 3(38), we will provide discretionary investment management services to the Plan.

With respect to any account for which we meet the definition of a fiduciary under Department of Labor rules, we acknowledge that both the Firm and its related persons are acting as fiduciaries. Additional disclosure may be found elsewhere in this Brochure or in the written agreement between us and the client.

### **Fiduciary Consulting Services**

- **Investment Selection Services:** We will provide Plan Fiduciaries with recommendations of investment options consistent with ERISA section 404(c).

Plan Fiduciaries retain responsibility for the final determination of investment options and for compliance with ERISA section 404(c).

- **Non-Discretionary Investment Advice:** We will provide Plan Fiduciaries and Plan Participants general, non-discretionary investment advice regarding asset classes and investments.
- **Investment Monitoring:** We will assist in monitoring the plan's investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformation to the guidelines set forth in the investment policy statement and make recommendations to maintain or remove and replace investment options. The details of this aspect of service will be enumerated in the engagement agreement between the parties.

#### Fiduciary Management Services

- **Discretionary Management Services:** When retained as an investment manager within the meaning of ERISA § 3(38), we will provide continuous and ongoing supervision over the designated retirement plan assets. We will actively monitor the designated retirement plan assets and provide ongoing management of the assets. When applicable, we will have discretionary authority to make all decisions to buy, sell or hold securities, cash or other investments for the designated retirement plan assets in our sole discretion without first consulting with the Plan Fiduciaries. We will also have the power and authority to carry out these decisions by giving instructions, on your behalf, to brokers and dealers and the qualified custodian(s) of the Plan for our management of the designated retirement plan assets.
- **Investment Management via Model Portfolios:** We will provide discretionary management of Model Portfolios among which the participants may choose to invest as Plan options. Plan Participants will also have the option of investing only in options that do not include Model Portfolios (i.e., the Plan Participants may elect to invest in one or more of the mutual fund options made available in the Plan, and choose not to invest in the Model Portfolios at all).

#### Non-Fiduciary Services

- **Participant Education:** We will provide education services to Plan Participants about general investment principles and the investment alternatives available under the Plan. Education presentations will not take into account the individual circumstances of each Plan Participant and individual recommendations will not be provided unless a Plan Participant separately engages us for such services. Plan Participants are responsible for implementing transactions in their own accounts.
- **Participant Enrollment:** We will assist with group enrollment meetings designed to increase retirement Plan participation among employees and investment and financial understanding by the employees.

### **Educational Workshops and Seminars**

From time to time, we may offer expertise, at no cost, through educational financial workshops presented for individuals and business owners. Presentations focus on a variety of investment and financial planning topics.

## **Item 5. Fees and Compensation**

### **General Fee Information**

Our fees are separate and distinct from the internal fees and expenses charged by third party managers, mutual funds, ETFs (exchange traded funds) or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials). You may also incur variable annuity/insurance fees and surrender charges. The client should review our fees and the fees charged by managers, funds, brokers, and others to fully understand the total amount of fees paid by the client for investment and financial-related services. Please see **Item 12 - Brokerage Practices** for additional information.

### **Asset Management Fees**

#### *Direct Asset Management Fees*

Our fees for direct asset management are based on a percentage of assets under management of up to 1.75%. Fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter. Adjustments are made for deposits and withdrawals.<sup>2</sup> Our fees may be negotiable, and in certain circumstances, a tiered fee schedule may be provided.

Fees are generally automatically deducted from the client's managed account in accordance with the permission the client grants within the executed Asset Management Agreement. Clients will receive at least quarterly account statements from the custodian reflecting the account holdings and value, and all deposits and disbursements from the account(s), including the amount of the advisory fees paid to us.

Clients typically pay management fees to us separately from the brokerage expenses of the account. Accordingly, the client will pay a management fee, plus the cost of transactions in the account. Alternatively, clients participating in our Wrap Fee Program will pay one inclusive fee that includes our management fee and the brokerage expenses incurred in the management of their investment portfolio. Our wrap fee program is further described in our **Appendix, 1 Wrap Fee Program Brochure**, which is provided to the client at or before the time of establishing a wrap fee account. Inasmuch as we pay the transaction and execution costs associated with client accounts, this can create a disincentive for us to trade securities in wrap accounts.

In the event that you wish to terminate our services, we will refund the unearned portion of our advisory fee to you. You need to contact us to state that you wish to terminate our services. Upon notification of termination, we will return pro-rata, a refund of unearned advisory fees.

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<sup>2</sup> For accounts maintained at Fidelity Institutional (or its affiliates), fees will only be prorated for intra-quarter deposits or withdrawals of \$100,000 or greater.



#### *Fees for Asset Management through LPL Financial*

Annualized fees for participation in LPL Financial advisory programs are negotiable and vary up to maximum of 2.50%. We can share in the account fee and other fees associated with program accounts with LPL Financial. Account fees are payable quarterly in advance. For specific information regarding the fees associated with the LPL Financial programs, please see the applicable LPL Brochure (or Wrap Brochure) and LPL client agreement.

LPL Financial serves as program sponsor, investment advisor and broker-dealer for the LPL Financial advisory programs. Our associated persons may also be registered representatives of LPL Financial; further, transactions in LPL Financial advisory program accounts are generally effected through LPL Financial as the executing broker-dealer. We receive 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.

#### **Financial Planning**

We generally charge a flat fee for financial planning services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you and typically will not exceed \$50,000. In more limited planning engagements, we may impose a \$250 hourly fee. Clients may be required to deposit a retainer prior to our commencement of planning services. The retainer will be applied to the client's final charge. The client's fee and any retainer requirement is detailed in the client's Financial Planning Agreement with us.

These services automatically renew on an annual basis. Either party may terminate services at any time upon notice to the other party. Termination will be effective immediately upon receipt of notice. The client will be responsible for the time expended to the date notice of termination was received. We will provide a statement detailing the time expended by the client's financial advisor and the pro-rated amount refunded to or due from the client.

#### **Merit Compass Program Fees**

Clients participating in the Merit Compass program are charged an annual fee of \$299, payable at the time the client agreement is signed. Clients may then elect to have fees billed directly to them, to have fees automatically deducted from an existing account, or to have fees paid by a direct credit card payment authorization going forward. Your account custodian may require written authorization to have fees deducted and paid directly to us. Services are automatically renewed on the anniversary date of the original agreement at the same price as was agreed upon unless terminated by the parties.

Either party may terminate Merit Compass Program services by providing notice to the other party. Termination will be effective immediately upon receipt of notice.

#### **Worksite Financial Wellness Program Fees**

Fees for our Worksite Financial Wellness Program are individually negotiated with each employer or retirement plan sponsor and generally will not exceed \$100,000 annually. The

fixed fee is usually based on, among other things, the services requested and the number of employees who will participate in the program.

#### **Retirement Plan Advisory Services Fees**

Retirement plan advisory fees are individually negotiated with the Fiduciary(ies) of each Plan and may take the form of an asset-based, fixed and/or hourly fee arrangement. Factors considered when determining the fee may include, without limitation, the size of the Plan and number of Plan Participants, the scope and complexity of services to be provided, and whether the selected services will be ongoing or periodic in nature. The Plan's specific fee arrangement will be detailed in the Plan's contract with us.

#### **Other Compensation**

Many of our investment adviser representatives are licensed insurance agents and are also associated with LPL Financial as broker-dealer registered representatives ("Dually Registered Persons"). As such, they are entitled to receive commissions or other remuneration on the sale of securities and insurance products, including distribution or service ("trail") fees from the sale of mutual funds in non-advisory accounts. Clients should be aware that the practice of accepting commissions for the sale of securities creates an incentive to recommend products based on the compensation received. To mitigate this conflict of interest, our dually registered persons, as fiduciaries, are required to act in the clients' best interests at all times.

As a result of this relationship, LPL Financial may have access to certain confidential information (e.g., financial information, investment objectives, transactions, and holdings) about our clients, even if the client does not establish any account through LPL Financial. If you would like a copy of LPL Financial's privacy notice, please contact us.

### **Item 6. Performance-Based Fees and Side-By-Side Management**

The Firm does not have any performance-based fee arrangements. "Side-by-Side Management" refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because we have no performance-based fee accounts, we have no side-by-side management.

### **Item 7. Types of Clients**

We serve individuals, high net worth individuals, pension and profit-sharing plans, corporations, trusts, estates and charitable organizations. We may impose a minimum fee or minimum account balance for our asset management services, as set forth in the Asset Management Agreement.

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

#### **Methods of Analysis**

In accordance with each client's investment plan, we will primarily invest in mutual funds, ETFs, common stock, individual bonds and variable annuities.

Mutual funds and ETFs are generally evaluated and selected based on a variety of factors, including, as applicable and without limitation, past performance, fee structure, portfolio manager, fund sponsor, overall ratings for safety and returns, and other factors.

Our primary method of evaluating equities is the use of fundamental analysis. Fundamental analysis attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements.

We may also incorporate technical (charting) and/or cyclical analysis. Technical analysis involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends. Cyclical analysis is a type of technical analysis that involves identifying recurring price patterns and trends.

Fixed income investments may be used as a strategic investment, as an instrument to fulfill liquidity or income needs in a portfolio, or to add a component of capital preservation. MFG will generally evaluate and select individual bonds or bond funds based on a number of factors including, without limitation, rating, yield and duration.

We generally invest client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for certain services.

#### Investment Strategies

The Firm's strategic approach is to invest each portfolio in accordance with the investment plan that has been developed specifically for each client. This means that the following strategies may be used in varying combinations over time for a given client, depending upon the client's individual circumstances.

Our firm's primary investment strategy is advising long term purchases (securities held at least a year). To a lesser extent, we may also recommend short term purchases with the expectation that the security will be sold within a relatively short period of time, generally less than one year. We may also advise other strategies based on the complexity and scope of a client's portfolio.

We manage portfolios on a client-custom basis utilizing a host of techniques. In addition, we may structure client portfolios around one or more portfolio models designed to build long-term wealth while maintaining risk tolerance and loss threshold levels acceptable to you. Model portfolios are primarily comprised of mutual funds, exchange traded funds and to a lesser extent, individual bonds and stocks. The model portfolios have different "target" allocations among various asset classes, thus diversifying a client's investment dollars across a host of investments and spreading risks in a more prudent manner.

### Risk of Loss

While the Firm seeks to diversify clients' investment portfolios across various asset classes consistent with their Investment Plans in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money.

Below is a description of several of the principal risks that client investment portfolios face.

*Management Risks.* While the Firm manages client investment portfolios, or recommends one or more Managers, based on experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that we or a Manager allocates client assets to individual securities and/or asset classes that are adversely affected by unanticipated market movements, and the risk that our specific investment choices could underperform their relevant indexes.

*Risks of Investments in Mutual Funds, ETFs and Other Investment Pools.* As described above, the Firm or a Manager(s) may invest client portfolios in mutual funds, ETFs and other investment pools ("pooled investment funds"). Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds' success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.

*ETF Liquidity Risks.* While the risks of owning shares of an ETF generally reflect the risks of owning the underlying investments of the ETF, lack of liquidity in an ETF can result in its value being more volatile than the underlying portfolio investments. Trading in shares may be halted because of market conditions or for reasons that, in the view of an exchange, make trading in shares inadvisable. In addition, trading in shares is subject to trading halts caused by extraordinary market volatility pursuant to "circuit breaker" rules. There can be no assurance that the requirements necessary to maintain the listing of the shares of the Fund will continue to be met or will remain unchanged.

*Equity Market Risks.* The Firm and any Manager(s) will generally invest portions of client assets directly into equity investments, primarily stocks, or into pooled investment funds that invest in the stock market. As noted above, while pooled investments have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

*Fixed Income Risks.* The Firm and any Manager(s) may invest portions of client assets directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile

than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

*Foreign Securities Risks.* The Firm and any Manager(s) may invest portions of client assets into pooled investment funds that invest internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the U.S. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security's underlying foreign currency.

## **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 a client's evaluation of the Firm or the integrity of our management. We have no disciplinary events to report.

## **Item 10. Other Financial Industry Activities and Affiliations**

### Broker-Dealer and Insurance Activities

As mentioned above, many of our firm's advisory representatives are also registered representatives of LPL Financial, a broker-dealer and member FINRA/SIPC. Additionally, our advisory representatives may be licensed insurance agents. These activities present a conflict of interest to the extent that the representatives may recommend that a client invest in a security or purchase a product which results in a commission being paid to him/her. In order to mitigate this conflict, we fully disclose such commission arrangements to our clients before the client purchases any such products. Further, our representatives, as fiduciaries, are required to act in clients' best interests at all times.

### Seminars

From time to time, we provide financial seminars on investing topics at no cost to clients and prospective clients of the Firm. Certain expenses associated with a seminar (e.g., refreshments, presentation materials, venue costs, etc.) may be paid for by a mutual fund company, ETF provider, insurance company or other investment firm. Due to receipt of the foregoing benefits, we have a conflict of interest if we recommend such companies' products and services. We address this issue by providing the seminar attendees disclosure of these arrangements when applicable.

### Separate Account Managers

We have legacy arrangements with a few clients wherein we recommended the services of third party separate account managers to assist in the management of the clients' accounts. In these situations, our firm provided initial due diligence on the other advisors and continues to monitor and perform ongoing reviews of their management of our clients' accounts. We will either share in the separate account manager's fees or in other cases, will assess a separate and

additional fee for our services. Currently, we do not recommend the services of third-party managers except those available within the LPL Financial programs described above in **Item 4 – Advisory Business**.

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

The Firm has established a Code of Ethics (“the Code”) which applies to all associated persons. As a registered investment advisory firm, we have a fiduciary duty to all clients and must 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. Our fiduciary duty is the core underlying principle of our Code, which also includes Insider Trading and Personal Securities Transactions Policies and Procedures.

We require all associated persons to conduct business with a high level of ethical standards, in an honest and fair manner and comply with federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all associated persons sign an acknowledgement that they have read, understand, and agree to comply with our Code. This disclosure is provided to give clients a summary of our Code. However, if a client or a potential client wishes to review our Code in its entirety, a copy will be provided promptly upon request.

We believe that if investment goals are similar for clients and associated persons of the Firm, it is logical and even desirable that there be common ownership of some securities. We have adopted procedures designed to reduce or eliminate conflicts of interest that this could potentially cause. The Code’s personal trading policies include procedures for limitations on personal securities transactions of associated persons, reporting and review of such trading and pre-clearance of certain types of personal trading activities. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. In the event of any identified potential trading conflicts of interest, our goal is to place client interests first. The Code also provides for disciplinary action as appropriate for violations.

Finally, when possible, related persons’ accounts will be included in a block trade with client accounts to ensure the same timing and pricing of the security. If a block trade cannot be done, our related persons must wait until the next day to buy or sell for themselves the same securities as our clients.

### **Item 12. Brokerage Practices**

We seek to recommend a custodian/broker-dealer who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, the following:

- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided

- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation
- Quality of services

While our firm may recommend that clients establish brokerage accounts with certain broker-dealers, clients are advised that they are under no obligation to implement our recommendations and can choose a broker-dealer at their discretion. Clients may pay commissions or fees that are higher or lower than those that may be obtained elsewhere for similar services.

#### LPL Financial

The Firm recommends that clients establish brokerage accounts with LPL Financial, a FINRA registered broker-dealer, member SIPC, as the qualified custodian to maintain custody of clients' assets. We receive support services and/or products from LPL Financial, many of which assist us 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. Where such services are provided by a third party vendor, LPL Financial will either make a payment to us to cover the cost of such services, reimburse us for the cost associated with the services, or pay the third party vendor directly on our behalf. The products and support services we receive include:

- 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 the Firm in furtherance of its investment advisory business operations

The products and services described above are provided to us as part of our overall relationship with LPL Financial. While as a fiduciary we endeavor to act in our clients' best interests, the receipt of these benefits creates a conflict of interest because our recommendation that clients custody their assets at LPL Financial is based in part on the benefit to us of the availability of the foregoing products and services and not solely on the nature, cost or quality of custody or brokerage services provided by LPL Financial.

While LPL Financial does not participate in, or influence the formulation of, the investment advice we provide, certain of our supervised persons are Dually Registered Persons. Dually Registered Persons are restricted by certain FINRA rules and policies from maintaining client accounts at another custodian or executing client transactions in such client accounts through any broker-dealer or custodian that is not approved by LPL

Financial. LPL Financial charges a fee for its oversight of activities conducted through these other broker-dealers and custodians. This arrangement presents a conflict of interest because we have a financial incentive to recommend that you maintain your account with LPL Financial rather than with another broker-dealer or custodian to avoid incurring the oversight fee.

LPL Financial provides various benefits and payments to Dually Registered Persons that are new to the LPL Financial platform to assist the representative with the costs (including foregone revenues during account transition) associated with transitioning his or her business to the LPL Financial platform (collectively referred to as "Transition Assistance"). The proceeds of such Transition Assistance payments are intended to be used for a variety of purposes, including but not necessarily limited to, providing working capital to assist in funding the Dually Registered Person's business, satisfying any outstanding debt owed to the Dually Registered Person's prior firm, offsetting account transfer fees (ACATs) payable to LPL Financial as a result of the Dually Registered Person's clients transitioning to LPL Financial's custodial platform, technology set-up fees, marketing and mailing costs, stationary and licensure transfer fees, moving expenses, office space expenses, staffing support and termination fees associated with moving accounts.

Transition payments are generally based on the size of the Dually Registered Person's business established at the prior firm and/or assets under custody on the LPL Financial platform. Such payments typically range from 15 - 30% of the Dually Registered Person's compensation at the prior firm and may be more in some instances. Please refer to the relevant Part 2B brochure supplement for more information about any specific Transition Payments your representative may have received. The receipt of Transition Assistance by such Dually Registered Persons creates conflicts of interest relating to our advisory business because it creates a financial incentive for our representatives to recommend that clients maintain their accounts with LPL Financial.

We attempt to mitigate these conflicts of interest by evaluating and recommending that clients use LPL Financial's services based on the benefits that such services provide to our clients, rather than the Transition Assistance earned by any particular Dually Registered Person.

#### Fidelity Institutional Wealth Services Program

The Firm also participates in the Fidelity Institutional Wealth Services ("FIWS") program. Our relationship with FIWS was established to accommodate certain clients' pre-existing arrangements with FIWS; we do not typically recommend that new clients establish accounts with FIWS. While there is no direct link between the investment advice we provide and participation in the FIWS program, we receive certain economic benefits from the FIWS program. These benefits may include software and other technology that provides access to client account data (such as trade confirmations and account statements), facilitates trade execution (and allocation of aggregated orders for multiple client accounts), provides research, pricing information and other market data, facilitates the payment of our fees from clients' accounts, and assists with back-office functions, recordkeeping and client reporting. Many of these services may be used to service all or a substantial number of our accounts, including accounts not held at Fidelity. Fidelity may also make available other services intended to help us manage and further develop its business. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, Fidelity



may make available, arrange and/or pay for these types of services to be rendered to us by independent third parties. Fidelity may discount or waive fees it would otherwise charge for some of these services, pay all or a part of the fees of a third-party providing these services to us, and/or Fidelity may pay for travel expenses relating to participation in such training. Finally, participation in the FIWS program provides us with access to mutual funds which normally require significantly higher minimum initial investments or are normally available only to institutional investors.

The benefits received through participation in the FIWS program do not necessarily depend upon the proportion of transactions directed to Fidelity. The benefits are received by us, in part because of commission revenue generated for Fidelity by the Firm's clients. This means that the investment activity in client accounts is beneficial to us, because Fidelity does not assess a fee to the Firm for these services. This creates an incentive for us to continue to recommend Fidelity to our clients. While it may be possible to obtain similar custodial, execution and other services elsewhere at a lower cost, we believe Fidelity provides an excellent combination of these services. These services are not soft dollar arrangements, but are part of the institutional platform offered by Fidelity.

#### Directed Brokerage

We do not generally allow directed brokerage accounts.

#### Aggregated Trade Policy

We may enter trades as a block where possible and when advantageous to clients whose accounts have a need to buy or sell shares of the same security. This method permits the trading of aggregate blocks of securities composed of assets from multiple client accounts. It allows us to execute trades in a timely, equitable manner, and may reduce overall costs to clients.

We will only aggregate transactions when we believe that aggregation is consistent with our duty to seek best execution (which includes the duty to seek best price) for our clients, and is consistent with the terms of our Asset Management Agreement with each client for which trades are being aggregated. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all our transactions in a given security on a given business day. Transaction costs for participating accounts will be assessed at the custodian's commission rate applicable to each account; therefore, transaction costs may vary among accounts. Accounts may be excluded from a block due to tax considerations, client direction or other factors making the account's participation ineligible or impractical.

We will prepare, before entering an aggregated order, a written statement ("Allocation Statement") specifying the participating client accounts and how we intend to allocate the order among those clients. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement. If the order is partially filled, it will generally be allocated pro-rata, based on the Allocation Statement, or randomly in certain circumstances. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment, and the reason for different allocation is explained in writing and is approved by an appropriate individual/officer of the Firm. Our books and records will separately reflect, for each client account included in a block trade, the securities held by and bought and sold for that account. Funds and securities of clients whose orders are

aggregated will be deposited with one or more banks or broker-dealers, and neither the clients' cash nor their securities will be held collectively any longer than is necessary to settle the transaction on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement, and we will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation.

### **Item 13. Review of Accounts or Financial Plans**

For clients subscribing to our asset management services, we review accounts on an ongoing basis. We strive to meet with clients annually or as often as necessary to review their portfolios. The nature of these reviews is to learn whether the client's accounts are in line with the client's investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Only our investment adviser representatives conduct these reviews.

Depending on the arrangement the clients have with the financial adviser servicing their accounts, the client may receive periodic written reports, which may contain, among other things, performance reporting.

We provide ongoing services to financial planning clients and meet with such clients to discuss updates to their plans, changes in their circumstances, etc. Financial planning clients receive reviews of their written plans at least annually.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

### **Item 14. Client Referrals and Other Compensation**

As noted above, we receive an economic benefit from LPL Financial and FIWS in the form of support products and services they make available to us and other independent investment advisors whose clients maintain accounts at LPL Financial and FIWS. LPL Financial also provides other compensation to our Dually Registered Persons, including but not limited to, bonus payments, repayable and forgivable loans, stock awards and other benefits. These products, services and compensation, how they benefit the Firm and its related persons, and the related conflicts of interest are described in ***Item 12 - Brokerage Practices***.

The availability of LPL and FIWS' products and services is based solely on our participation in the programs and not in the provision of any particular investment advice. Our clients do not pay more for investment transactions effected and/or assets maintained at LPL as result of this arrangement. There are no commitments made by us to LPL or any other institution as a result of the above arrangement. Neither LPL Financial, FIWS nor any other party is paid to refer clients to the Firm.

### **Item 15. Custody**

LPL and Fidelity are the custodians of nearly all our client accounts. From time to time however, clients may select an alternate broker to hold accounts in custody. In any case, it is the custodian's responsibility to provide clients with confirmations of trading activity, tax

forms and at least quarterly account statements. Clients are advised to review this information carefully, and to notify us of any questions or concerns. Clients are also asked to promptly notify us if the custodian fails to provide statements on each account held.

All of our clients receive at least quarterly account statements directly from their custodians. We encourage our clients to raise any questions with us about the custody, safety or security of their assets. The custodians we do business with will send you independent account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account.

## **Item 16. Investment Discretion**

As described in **Item 4 - Advisory Business**, we will accept clients on either a discretionary or non-discretionary basis. For discretionary accounts, a Limited Power of Attorney ("LPOA") is executed by the client, giving us the authority to carry out various activities in the account, generally including the following: trade execution; the ability to request checks on behalf of the client; and, the withdrawal of advisory fees directly from the account. We then direct investment of the client's portfolio using our discretionary authority. The client may limit the terms of the LPOA to the extent consistent with the client's investment advisory agreement with us and the requirements of the client's custodian.

For non-discretionary accounts, the client also generally executes an LPOA, which allows us to carry out trade recommendations and approved actions in the portfolio. However, in accordance with the investment advisory agreement between us and the client, we will not implement trading recommendations or other actions in the account unless and until the client has approved the recommendation or action. As with discretionary accounts, clients may limit the terms of the LPOA, subject to our agreement with the client and the requirements of the client's custodian.

## **Item 17. Voting Client Securities**

As a policy and in accordance with the Firm's current client agreement, we do not vote proxies related to securities held in client accounts. The custodian of the account will normally provide proxy materials directly to the client. Clients may contact us with questions relating to proxy procedures and proposals; however, we generally do not research particular proxy proposals.

In a limited number of cases, we have agreed to vote proxies for certain legacy clients. With respect to securities selected on behalf of the client in these situations, we will vote proxies where required. Where we have authority to vote proxies, we will seek to vote proxies in the best interest of the client(s) holding the applicable securities.

In general, we believe that voting proxies in accordance with the following guidelines, with respect to such routine items, is in the best interests of our clients. Accordingly, we generally vote **for**:

- The election of directors (where no corporate governance issues are implicated);
- Proposals that strengthen the shared interests of shareholders and management;
- The selection of independent auditors based on management or director recommendation, unless a conflict of interest is perceived;

- Proposals that we believe may lead to an increase in shareholder value;
- Management recommendations adding or amending indemnification provisions in charter or by-laws; and
- Proposals that maintain or increase the rights of shareholders.

We will generally vote **against** any proposals that we believe will have a negative impact on shareholder value or rights. If we perceive a conflict of interest, our policy is to notify affected clients so that they may choose the course of action they deem most appropriate.

A copy of our complete policy, as well as records of proxies voted, is available to clients upon request. As required under the Advisers Act, such records are maintained for a period of five (5) years.

### **Item 18. Financial Information**

We do not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore have no disclosure with respect to this item.

Set forth below is the Summary of Material Changes for Merit Financial Group, LLC:

<b>Date of Change</b>	<b>Description of Item</b>
April 2016	Merit Financial Group, LLC dba <i><b>Allegiance Retirement Solutions</b></i> established an office location at 1790 Atkinson Road, Suite C, Lawrenceville, Georgia 30043.
October 2016	Merit Financial Group, LLC relocated from Suite 650 to Suite 550 at their primary location: 2400 Lakeview Parkway, Alpharetta, Georgia 30009.