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## **DISCLOSURE BROCHURE**

### **EVEREST FINANCIAL GROUP, LLC**

**701 Xenia Ave S, Ste. 250**

**Minneapolis, MN 55416-1029**

**(763) 923-7525**

**www.everestfg.us**

**March 1, 2019**

#### **Item 1 – Cover Page**

*This brochure provides information about the qualifications and business practices of Everest Financial Group, LLC. If you have any questions about the contents of this brochure, please contact us at (763) 923-7525. 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 Everest Financial Group, LLC also is available through the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

*We are registered as an investment adviser with the SEC. Our federal registration does not imply any level of skill or training.*

#### **Item 2 – Material Changes**

As of December 31, 2018, King Kearns has resigned his Senior Partnership with Everest Financial Group, LLC.

As a result, this entire “Brochure” should be considered “materially new” to existing clients, although you will recognize most of the disclosures as similar or identical to what you have read in the past. In future versions of the Brochure, this section of the Brochure will address only those “material changes” that have been incorporated since our last amendment. We may, at any time, update this Brochure and if we do we will either send you a copy or offer to send you a copy (either by electronic means (email) or in hard copy form). If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or you may contact our Chief Compliance Officer, Tai Stanley Diong, at (763) 923-7533.

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## **Item 4 – Advisory Business**

### **Overview of Everest Financial Group, LLC:**

Everest Financial Group, LLC (EFG, us, we, our) is a registered investment adviser with the Securities and Exchange Commission (SEC). We are based in Minneapolis, Minnesota. We have been providing the advisory services described below since 2005. The principal owners of EFG are James A. Michaels, John W. Mackimm, William E. Hunstock, Nikolas P. Wogstad, T. Stanley Diong and Dennis Tiow Chan.

We offer personalized investment advisory services to clients. Our services and fee arrangements are described in the following pages. Fees for all advisory services will be agreed upon and quoted to the client before services are provided and will be disclosed in the client agreement. We will not require a fee payment of more than \$1,200 more than six months in advance. Nor will we receive fees based on capital gains or capital appreciation in client accounts.

We are a limited liability company formed under the laws of the State of Minnesota. This Brochure will provide clients with information regarding our qualifications, business practices and nature of advisory services that should be considered before becoming an advisory client of EFG. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC), the State of Minnesota or by any state securities authority.

Additional information about us is available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Clients can search this site by a unique identifying number, known as a CRD number. Our CRD number is 137260.

Our investment advisor representatives (“advisory representatives” or “IARs”) are also registered representatives of Securities America, Inc., (SAI), a registered broker/dealer, member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). EFG and SAI are independent companies. IAR will act in capacity of a financial advisor for EFC, and act in the capacity of a registered representative for SAI.

IARs will provide our investment advisory services. These individuals are appropriately licensed, qualified and authorized to provide advisory services on behalf of EFG.

As of December 31, 2018, we manage client assets on a discretionary basis in an amount equal to approximately \$289,815,868.78 and client assets on a non-discretionary basis in an amount equal to approximately \$22,403,130.70.

### **Financial Planning Services**

We provide financial planning services in the form of written modular and comprehensive plans, written financial reviews and consultations. An IAR of EFG will have an initial meeting with the client to discuss the client's situation and potential services. Written plans can include, but are not limited to the following areas of concern; educational and college planning, retirement funding and distribution planning, estate planning, business planning, individualized personal planning and insurance planning.

## **Investment Management Services**

### **Charles Schwab & Company, Inc.**

EFG and its IARs provide investment management services through accounts maintained at Charles Schwab & Company, Inc. (Charles Schwab). Charles Schwab will maintain custody of all funds and securities, and neither EFG nor its IARs will have direct access to client funds and securities. Management services can be provided on a discretionary or non-discretionary basis.

### **Financial Advisors Program**

We provide investment management services, which includes giving continuous advice to a client based on the individual needs of the client, through Securities America Advisors, Inc.'s (SAA), Financial Advisors Program (FAP). SAA is an SEC registered investment advisor. SAA's FAP is a wrap-fee program providing investment advisory services and execution of client transactions for which the specified fee (or fees) is not based directly upon transactions in a client's account. Under FAP, Our IARs will assist the client in establishing a FAP Account (the Account) with SAA. SAI, an affiliated broker/dealer of SAA, will process all transactions in the Account. Brokerage transactions in FAP Accounts will then be cleared through either National Financial Services, LLC (NFS) or Pershing, LLC (Pershing) pursuant to clearing arrangements established by SAI with NFS and Pershing. SAA has also entered into agreements with various insurance companies that allow for management and valuation of client variable annuity accounts within SAA's FAP. NFS, insurance companies or other custodians will maintain custody of all funds and securities. At no time will SAA, SAI, EFG or our IARs act as custodian of the Account or have direct access to the client's funds and/or securities.

The annual management fees charged for this service will be negotiated with each client, with 3% being the maximum management fee that may be charged to clients unless the Account only has mutual funds and then the maximum will be 2.25 %. SAA retains up to 20 basis points (.2%) of the annual management fee for FAP Accounts.

## **Third Party Asset Manager Platform**

### **Managed Opportunities Program**

We have established a relationship with SAA, a registered investment advisor, to participate in the Managed Opportunities Program (Managed Opportunities). Managed Opportunities is a wrap-fee program developed by SAA that provides clients with the opportunity to establish mutual fund portfolios, separate account portfolios and unified managed account portfolios developed by third party money managers that are registered as investment advisors (collectively referred to as sub-advisors). Our representatives act as referral parties when referring clients into the mutual fund portfolios, separate account portfolios and unified managed account portfolios options in Managed Opportunities. One sub-advisor is Brecek & Young Advisors, Inc., an affiliated subsidiary of SAA. All other sub-advisors in this program are independent of SAA or EFG. In addition, SAA's Managed Opportunities is provided with administrative, web site, transaction order entry services and other services by Envestnet Asset Management, Inc. ("Envestnet"), a registered investment advisor and other sub-advisors. In addition, Managed

Opportunities offers advisor directed portfolios through which we will work with and advise clients in the selection of investments constituting a portion of Managed Opportunities.

Client portfolios may be managed by SAA or other sub-advisors that SAA has established relationships with. The client will grant SAA and the sub-advisors limited discretionary authority with respect to the purchase and sale of securities in mutual fund portfolios, separate account portfolios and unified managed account portfolios and will grant our discretionary authority with respect to the initial Managed Opportunities master account and advisor directed portfolios.

We will solicit the services of SAA through Managed Opportunities. We will not refer a client to SAA unless SAA and the sub-advisors are registered or are exempt from registration as investment advisors in the client's state of residence. Clients will grant SAA the discretionary authority to select one or more sub-advisors to provide administrative, web site, performance reporting, transaction order entry and other services to SAA and clients. SAA currently has a relationship with Envestnet, a registered investment advisor, to provide these services. Clients establishing Managed Opportunities accounts will receive Envestnet's Disclosure Brochure in addition to SAA and our Disclosure Brochures.

We will be available to meet with clients on a continuous basis. Clients should be aware that we will be paid solicitor/referral fees by SAA for recommending mutual fund portfolios, separate account portfolios and unified managed account portfolios to clients. SAA will also share fees with the sub-advisors. The amount of compensation we receive for recommending one Managed Opportunities portfolio over another portfolio may vary. Therefore, a potential conflict of interest may exist because these circumstances may result in EFG having a financial incentive to recommend one portfolio over another. However, portfolios will be selected and recommended to clients based on each individual client's needs, goals and objectives. These conflicts will also be disclosed to clients up front.

A complete description of Managed Opportunities and related fees and charges are described in SAA's Managed Opportunities Disclosure Brochure which will be given to all clients prior to or at the time a Managed Opportunities Account is established.

## **Item 5 – Fees and Compensation**

### **FEE AND COMMISSION OFFSET**

In addition to providing advisory services, our IARs are also registered representatives and may be independently licensed insurance agents. Therefore, they can earn fees when providing advisory services and commissions when selling securities and/or insurance products. This may present a conflict of interest as our IARs may have incentives to recommend investment products based on the compensation received, rather than on a client's needs. However, these conflicts will be disclosed to clients up front. In addition, clients can select any broker/dealer or insurance agent they wish to implement transactions. If clients elect to have our IARs implement transactions in these separate capacities, the IAR may waive or reduce the amount of the advisory fee charged by the amount of commissions received. Clients may elect to implement the advice of the IAR through one or more of the other advisory programs disclosed in this document. In this case, the IAR may waive or reduce the amount of the financial planning or consultation fee as a result of

additional fees being earned. Any reduction is at the discretion of the IAR, and will not exceed 100% of any commission received, and will be disclosed to client prior to any transactions being implemented.

We or SAA may invest a portion of client's assets in mutual funds, variable annuities or Exchange Traded Funds (ETFs) and may charge an investment management fee on client's assets invested in these securities. Therefore, clients may pay two levels of fees for the management of their assets, one directly to us or SAA and one indirectly to the managers of the mutual funds, variable annuities or ETFs held in their portfolios.

## **FEE SCHEDULES/ARRANGEMENTS**

### **Financial Planning Services**

We provide financial planning services in the form of written modular and comprehensive plans, written financial reviews and consultations. Our IARs will have an initial meeting with the client to discuss the client's situation and potential services. Written plans can include, but are not limited to the following areas of concern; educational and college planning, retirement planning, funding and distribution, estate planning, business planning, individualized personal planning and insurance planning.

### **Modular and Comprehensive Written Plan**

Fees for comprehensive and modular financial plans will be charged in the form of a fixed or hourly fee. Together, the client and IAR will determine whether a fixed or hourly fee will be charged. Fixed fees will not exceed \$5,000; hourly fees will not exceed \$500. Fees are negotiable based upon the client's needs and the nature of the project, as well as the individual performing the service. For hourly clients, an estimate of the total hours needed to complete the project will be provided to the client prior to services being rendered. If it is determined, during the course of the project, that more time is required to complete the service(s), the client will be contacted for approval to continue prior to services being finalized. Client will be responsible for actual time expended to complete the project. Fees for services will be determined and disclosed to the client prior to the execution of the client agreement. At the IAR's discretion, the entire fee may be due in advance, in arrears or a deposit may be required. If a deposit is required, the remaining balance will be due upon presentation of the written plan. However, if it is determined that fees are due after the project has been completed, fees will be due upon receipt of advisor's billing notice.

### **Written Financial Reviews**

Clients may elect to have EFG provide written financial review services. This service is provided for a period of 12 months during which time the client will have access to one of our IARs. Clients will receive review meetings pertaining to the services provided by us or any other topic of client concern. The number of meetings needed will be determined by the client. During the 12 month period, clients are entitled to one new or updated written review of their financial situation.

At our discretion, a fixed or hourly fee may be charged for this service. Fixed fees will not exceed \$15,000 and hourly fees will not exceed \$500. Fees for services will be negotiated with

each client, depending on the complexity of the client's situation, the IAR providing the service and the actual services to be provided. The total amount of the annual fee will be disclosed to the client prior to executing a client agreement. Fees for services are paid in arrears at the end of each review meeting.

Written financial review services are automatically renewed on the anniversary date of the signing of the original client agreement, unless sooner terminated by either party. Services are renewed on the same terms and conditions as in the original client agreement, unless there is a change in the fees to be charged and then a new agreement is required.

### **Consultation Services**

Clients not wishing to purchase a written financial plan may contract with us to provide investment consultations on any topic of client concern. An hourly rate of up to \$500 will be charged for this service. The exact fee amount will be quoted to the client prior to services being provided. Fees are due upon completion of the consultation.

### **Termination of Financial Planning Services**

Financial planning services terminate upon presentation of the written modular or comprehensive plan and consultation service. Written review services are provided for a period of 12 months and automatically renew on the anniversary date of the signing of the original client agreement. Either party may terminate any financial planning services by providing written notice to the other party. If services are terminated within five business days of the client signing the client agreement, services will be terminated without penalty. Client may be responsible for time and costs expended by us prior to the receipt of notice of termination. Any unearned fees will be returned to the client promptly.

### **Investment Management Services**

#### **Charles Schwab & Company, Inc.**

Charges for investment management services conducted through Charles Schwab are based on a percentage of the assets under management and will not exceed 2.5% annually. The actual fee charged to each client is negotiable based on factors such as the client's financial situation and circumstances, the amount of assets under management and the time required to manage the account. At times, the account may contain investment securities that are held for the convenience of the client (i.e., REITs, UITs, etc.). No management fees will be charged on these convenience holdings and the client agreement will specifically identify those items that will be excluded from management fee calculations. Accounts may also contain cash positions that, at the sole discretion of our IARs, will be excluded from management fee calculations. The client agreement will identify whether or not cash positions will be included in the management fee charged. If billing arrangements on cash positions or convenience holdings change, a new client agreement will be required.

Fees are billed quarterly, in advance, and are based on the account's asset value (excluding any convenience holdings and/or cash positions, if applicable) as of the last business day of the prior quarter. A client account that is opened mid-period or has assets transferred into the account

mid-period will not be charged any management fee until the beginning of the next quarter. Fees will be billed directly to the client or will be automatically deducted from the client's account by the account custodian and paid to us. For clients electing to pay directly, payment is due within 30 days of receipt of the billing statement from us. If fees will be automatically deducted from the account, the client will be required to provide Charles Schwab with written authorization to have fees deducted from the account and paid directly to us. Prior to the fee being deducted from the account, we will provide the client with a management fee notification statement. The management fee notification statement will show the net fee to be deducted, the manner in which the fee was calculated, any adjustment to the fee and an explanation of any adjustment. The custodian will send client statements at least quarterly showing all disbursements in the account, including the amount of the advisory fee.

Accounts are reviewed at least quarterly by an IAR, with the calendar being the main triggering factor. More frequent reviews may be made due to a change in the client's financial situation or changes in the general market conditions. Clients may request a meeting to review account performance at any time.

Brokerage commissions are waived in the Account. However, transaction ticket charges (the actual cost of each trade, typically \$12 to \$99) will be passed on to clients. Fees and charges will be noted on client statements and confirmations. Clients may incur certain charges imposed by third parties other than us in connection with investments made through the Account including, but not limited to, mutual funds sales loads, 12(b)-1 fees and surrender charges, variable annuity commissions and surrender charges and IRA and Qualified Retirement Plan fees. Management fees charged by us are separate and distinct from the fees and expenses charged by mutual funds and variable annuities that may be recommended to clients. A description of these fees and expenses are available in each fund and annuity's prospectus.

Either party may terminate the agreement by providing written notice via certified mail to the other party. Termination will be effective when the termination letter is received by the other party. If services are terminated within five business days of signing the client agreement, services will be terminated without penalty and all prepaid fees will be refunded to the client. If services are terminated after five business days, there will be no refund of prepaid fees.

### **Financial Advisors Program**

The annual management fees charged for this service will be negotiated with each client, with 3% being the maximum management fee that may be charged to clients unless the Account only has mutual funds and then the maximum will be 2.25 %. SAA retains up to 20 basis points (.2%) of the annual management fee for FAP Accounts.

A complete description of FAP and related fees and charges are described in SAA's Financial Advisors Program Disclosure Brochure which will be given to all clients prior to or at the time an FAP Account is established.



## **Third Party Asset Manager Platform**

### **Managed Opportunities Program**

A complete description of Managed Opportunities and related fees and charges are described in SAA's Managed Opportunities Disclosure Brochure which will be given to all clients prior to or at the time a Managed Opportunities Account is established.

### **Additional Fees and Expenses:**

We do not receive, directly or indirectly any of these fees charged to you. They are paid to third parties, such as custodians or the mutual fund or other investment you hold. The fees include:

- Exchange fees;
- Advisory fees and administrative and other fees incurred by Mutual Funds and Exchange Traded Funds (ETFs)
- Advisory fees charged by sub-advisers (if any are used for your account);
- Custodial Fees;
- Deferred sales charges (on Mutual Funds or annuities);
- Odd-Lot differentials;
- Deferred sales charges or short-term redemption fees (charged by Mutual Funds);
- Transfer taxes;
- Wire transfer and electronic fund processing fees; and
- Commissions or mark-ups / mark-downs on security transactions.

## **GENERAL FEE DISCLOSURE INFORMATION**

Fees for advisory services will be disclosed to clients prior to any services being provided. The fees charged may be higher or lower than the cost of similar services offered through other registered investment advisors. At no time will fees of more than \$1200 be charged more than six months in advance. Fees for investment supervisory services may be more than the cost of purchasing the same services separately. Clients may be able to obtain similar services for a lesser fee from other advisors. The fees charged vary among investment supervisory services. The amount of compensation we may receive in a particular program may be more than would be received if the client participated in other SAA programs or paid separately for investment advice, brokerage and other services. These circumstances may result in us having a financial incentive to recommend an Investment Supervisory Service program. The factors to be considered by clients in determining the reasonableness of the fees charged include, but may not be limited to, the following:

1. The fee charged for development of an asset allocation study and/or development of an investment strategy.
2. Transaction and custody costs or other miscellaneous fees and taxes and/or charges, as well as commissions or mark ups and mark downs, on the purchase and/or sale of securities.

3. The cost of producing a quarterly performance report covering the managed assets.
4. The value of the consulting service provided by us in designing and monitoring the client's managed assets.
5. The cost of investment advice provided by SAA and EFG.
6. The cost of the additional administrative, marketing, asset management, and other support services that may be provided by SAA, EFG and (when applicable) any sub-advisors used in the management of a program account.
7. The value of the account.

Model asset allocation portfolio programs, provided by a number of institutional investment managers and strategists, may be used when managing client assets.

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

We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance based fees). Our advisory fee compensation is charged only as disclosed above (Item 5).

## **Item 7 – Types of Clients**

### **TYPES OF CLIENTS**

We provide our services to a number of clients:

- Individuals, including high net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Charitable organizations
- Corporations or other business entities

### **MINIMUM ACCOUNT BALANCES**

SAA's recommended minimum investment amount for establishing and maintaining an FAP Account is \$25,000. Exceptions may be granted to these minimums upon request.

As a general rule, SAA requires a minimum of \$50,000 to establish and maintain Managed Opportunities mutual fund portfolios, \$100,000 for separate account portfolios, \$250,000 for unified managed account portfolios and \$50,000 for advisor directed portfolios. All minimums are negotiable at the discretion of EFG and SAA.

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

### **Analysis:**

Our methods of securities analysis include charting, fundamental, technical and cyclical methods. Model asset allocation portfolio programs, provided by a number of institutional investment managers and strategists, may also be used when managing client assets.

### **Investment Strategies:**

The investment strategies we use to implement investment advice given to clients includes long-term purchases (securities held at least one year), short-term purchases (securities sold within one year), trading (securities sold within 30 days), short sales, and utilization of the model asset allocation portfolio programs identified above.

### **Sources of Information:**

The main sources of information we use include financial newspapers and magazines, inspections of corporate activities, research materials prepared by third parties, corporate rating services, annual reports, prospectuses, filings with the SEC, company press releases, and the model asset allocation portfolio programs identified above.

### **Risk of Loss:**

All investments in securities include a risk of loss of your principal (invested amount) and any profits that have not been realized (the securities are not sold to “lock in” the profit). You should understand and be prepared to face losses and be able to bear them. If you cannot, then our services are probably not appropriate for you. As you know, stock markets and bond markets fluctuate substantially over time. In addition, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed and that past performance is not necessarily a predictor of future performance. As a result, there is a risk of loss of any assets we manage that may be out of our control. We will do our very best in the management of your assets; however, we cannot guarantee any level of performance or that you will not experience a loss of any account assets.

## **Item 9 – Disciplinary Information**

We are obligated to disclose any disciplinary event that would be material to you when evaluating us to initiate a client/adviser relationship, or to continue a client/adviser relationship with us. We do not have any legal, financial or other “disciplinary” item to report to you for our firm or for any of our advisory representatives or employees.

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

We do not have a related person that is an investment advisor. However, we may have relationships with non-affiliated investment advisors. We may use the advisory, administrative

and marketing services of SAA, a registered investment advisor. When doing so, SAA will receive a portion of the fees charged to the client.

We may select and monitor third party money managers to manage client assets. When soliciting for money managers, we will receive a portion of the fees paid to the money manager.

We do not have a related person that is an investment advisor; however, we may have relationships with nonaffiliated investment advisors.

We may refer clients to SAA, a registered investment advisor firm, through Managed Opportunities. SAA will work with Envestnet, a registered investment advisor, and other sub-advisors when managing client assets. We will not refer clients to SAA unless SAA, Envestnet, and other sub-advisors are registered or exempt from registration as investment advisors in each client's state of residence. SAA will pay us a portion of client fees for referrals. In addition, SAA will share fees with Envestnet and other sub-advisors.

We have established relationships with other investment advisors through which we will act as a solicitor referring clients to the other investment advisors management programs. When acting in this solicitor/referral capacity, we will receive a portion of the fee paid to the other investment advisors by the client.

We may refer clients to SAA, a registered investment advisor firm, through Managed Opportunities. SAA will work with Envestnet, a registered investment advisory firm, and other Sub-Advisors when managing client assets. EFG will not refer clients to SAA unless SAA, Envestnet and other Sub-Advisors are registered or exempt from registration as investment advisors in each client's state of residence. SAA will pay us a portion of client fees for referrals. In addition, SAA will share fees with Envestnet and other Sub-Advisors.

The foregoing business relationships may present conflicts of interest and may give our IARs an incentive to recommend investment products based on the compensation received. These conflicts will be disclosed to clients up front and all efforts will be made to put the interests of the client first.

## **Item 11 – Code of Ethics**

### **Code of Ethics Summary**

According to the *Investment Advisers Act of 1940*, an investment advisor is considered a fiduciary. As a fiduciary, an investment advisor has a duty of utmost good faith to act solely in the best interest of each of our clients. We and our advisory representatives have a fiduciary duty to all clients. As a result, we have established a Code of Ethics which all advisory representatives must read and acknowledge. We and our advisory representatives' fiduciary duty to clients is considered the core underlying principle of our Code of Ethics and represents the expected basis for all advisory representatives' dealings with clients. We have the responsibility to make sure that the interests of clients are placed ahead of us or our advisory representatives' own investment interests. We shall conduct business in an honest, ethical and fair manner. We comply with all federal and state securities laws at all times. Full disclosure of all material facts and potential

conflicts of interest will be provided to clients prior to services being conducted. All advisory representatives have a responsibility to avoid circumstances that might negatively affect or appear to affect the advisory representatives' duty of complete loyalty to their clients. This section is only intended to provide current clients and potential clients with a description of our Code of Ethics. If current clients or potential clients wish to review our Code of Ethics in its entirety, a copy may be requested from any of our advisory representatives or staff and a copy will be provided promptly.

### **Agency Cross Transactions**

Our IARs are prohibited from engaging in agency cross transactions, meaning they cannot act as brokers for both the sale and purchase of a single security between two different clients and cannot receive compensation in the form of an agency cross commission or principal mark-up for the trades.

We and our IARs may buy or sell securities for their own accounts that are recommended to clients. They may also recommend the purchase or sale of different securities for different clients at different times. This could result in contrary advice being given or action taken on behalf of clients and in the personal accounts of us and our IARs.

### **Insider Trading Policy**

We are and shall continue to be in compliance with The Insider Trading and Securities Fraud Enforcement Act of 1988. To prevent conflicts of interest, we have developed policies and procedures that include personal investment and trading policies for our IARs, employees and their immediate family members:

- IARs will not prefer their own interests to that of the client
- IARs will not purchase or sell any security for their personal accounts prior to implementing transactions for client accounts
- IARs will not buy or sell securities for their personal accounts when those decision are based on information obtained as a result of their employment, unless that information is also available to the investment public upon reasonable inquiry
- IARs are prohibited from purchasing or selling securities of companies in which any client is deemed an "insider"
- IARs are discouraged from frequent personal trading
- IARs are generally prohibited from serving as board members of publicly-traded companies unless an exception has been granted by our principal officer and/or Chief Compliance Officer

To the extent an IAR or EFG maintains an outside account, the IAR must make arrangements to send quarterly statements to the Registered Investment Advisor (RIA) complete an annual certification concerning their personal securities activities and provide additional

information about personal trading activities as may be required under the Insider Trading Policy and Code of Ethics. Any IARs not observing our policies may be subject to sanctions up to and including termination.

## **PRIVACY POLICY STATEMENT**

We are committed to safeguarding the confidential information of our clients. We hold all personal information provided to us in the strictest confidence. These records include all personal information that we collect from our clients or receive from other firms in connection with any of the financial services we provide. We also require other firms with whom we deal to restrict the use of client information. Our Privacy Policy will be delivered to the client when our advisory services are engaged and can also be requested by the client at any time.

## **Item 12 – Brokerage Practices**

In addition to providing advisory services, our IARs are also registered representatives and insurance agents. Therefore, they can earn both fees when providing financial planning and consultation services and commissions when selling securities and/or insurance products. This practice presents a conflict of interest and may give our IARs an incentive to recommend investment products based on the compensation received. These conflicts will be disclosed to clients up front. However, clients can select any broker/dealer or insurance agent they wish to implement transactions.

Our IARs are registered representatives of SAI, a full service broker/dealer, member FINRA/SIPC. Clients wishing to implement the advice of our IARs are free to select any broker they wish and are so informed. If clients wish to have the IARs implement the advice in their capacities as registered representatives, their broker/dealer, SAI, may be used. SAI has a wide range of approved securities products for which it performs due diligence when selecting. SAI's registered representatives are required to adhere to these products when implementing securities transactions. Commissions charged for these products may be higher or lower than commissions clients may be able to obtain if transactions were implemented through another broker/dealer.

### **Best Execution**

Although we do not allow directed brokerage, we must still use reasonable diligence to make certain that best execution is obtained for clients when implementing any transactions. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions surrounding the transaction execution is in the best interests of clients. IARs will look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/ timeliness of execution, responsiveness, integration with existing systems of EFG, ease of monitoring investments)
- Products and services offered (e.g. investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)

- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality
- Regulatory compliance history

We will exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any client transaction by considering the back office services, technology and pricing of services offered.

We will perform periodic reviews to determine that the relationship with SAI and NFS is still in the best interests of its clients.

### **Soft Dollars**

Investment advisors may direct portfolio brokerage commissions to a particular broker/dealer in return for services and research used in making investment decisions in client accounts. The commissions used to acquire these services and research is known as "soft dollars." Section 28(e) of the *Securities Exchange Act of 1934* provides a "safe harbor" that allows an investment advisor to pay more than the lowest available commission for brokerage and research services if it determines in good faith that the commission paid was reasonable in relation to the brokerage and research services provided.

Although we do not allow directed brokerage, we may still receive products and services from SAI, Securities America Advisors, Inc. (an affiliated investment advisor of SAI), or other program sponsors and product issuers. These products and services may be used for both research and non-research purposes and allows us to supplement, at no cost, our own research and analysis activities. These products and services can include, but are not limited to:

- Reports, publications and data on matters such as the economy, industries, sectors and individual companies or issuers, statistical information, account and law interpretations, political analyses, legal developments affecting portfolio securities, technical market actions, credit analyses, risk management and analyses of corporate responsibility issues
- On-line news services and financial and market database services
- Information management systems integrating quotation and trading, performance management, accounting, recordkeeping and document retrieval and other administrative matters
- Meetings, seminars, workshops and conferences with representatives of issuers, program sponsors and/or other analysts and specialists

Research obtained with soft dollars is not necessarily utilized for the specific account that generated the soft dollars. We do not attempt to allocate the relative costs or benefits of research

among clients because we believe that, in the aggregate, the research we receive benefits all clients and assists us in fulfilling our overall duty to clients.

In directing trades to broker/dealers that provide research products or services, we intend to rely on the safe harbor provided by Section 28(e) of the Securities and Exchange Act of 1934 and in so doing we will, when selecting and using such broker/dealers, make a good faith determination that the amount of commissions directed to the broker/dealer which is above commissions charged by other broker dealers not providing research products or services is reasonable in relation to the value of the research services received. Further, in making this assessment we will determine that the research products or services provide lawful and appropriate assistance to us in the discharge of our duties in managing client accounts.

These arrangements may be deemed to create a conflict of interest to the extent that we would have to pay for some or all of the research and/or services with "hard dollars" if we were unable to obtain the research and services in exchange for commissions in connection with client transactions. Client trades will always be implemented based on the goals and objectives of the client and not on any research, products or other incentives available.

### **Item 13 – Review of Accounts**

Financial planning services terminate upon presentation of the written plan or consultation service. Therefore, no reviews are conducted for these accounts. However, we recommend that clients have their financial situation reviewed and updated at least annually. If clients elect to have this review and update, additional fees may be charged and clients may be required to sign a new client agreement. Clients selecting written review services receive review meetings with one of our IARs during the 12 month period of the client agreement.

Managed accounts are reviewed at least quarterly. Accounts at third party money managers are reviewed at least quarterly, usually when copies of statements are received from the money manager. The calendar is the main triggering factor, although more frequent reviews may be triggered by changes in client circumstances, client request or unusual market activity.

Each IAR is responsible for reviewing his or her own accounts, all under the supervision of our Chief Compliance Officer, Tai Stanley Diong.

SAA reviews the performance information in Managed Opportunities accounts to determine its accuracy. Performance information provided by SAA is believed to be accurate but cannot be guaranteed. Fund and other securities values and other information are obtained from third parties. Managed Opportunities accounts are reviewed as needed by SAA supervisors, SAI principals and our representatives. Triggering factors for reviews may include material market, economic or political events, and changes in clients' personal or financial situations or performance of the accounts in general. We urge clients to compare performance reports you receive from us with account statements you receive directly from a qualified custodian. Inquiries or concerns regarding your account, including performance reports, should be directed to us.

Clients will receive statements at least quarterly from the broker/dealer, clearing firm or money manager at which their accounts are maintained.



Clients participating in FAP may receive quarterly, monthly or on demand reports showing the investment performance of their Accounts from SAA.

Clients participating in Managed Opportunities will be able to view daily and quarterly performance reports on a web site prepared on behalf of SAA by Envestnet which will describe the performance, holdings and other activity in clients' Managed Opportunities accounts. During any month in which there is activity in Managed Opportunities accounts, clients will receive monthly statements from the account custodian or clearing firm showing the activity in clients' accounts as well as positions held in the accounts at month end. Clients will also receive a confirmation of each purchase and sale transaction that occurs within Managed Opportunities accounts, unless clients provide SAA with written authorization to suppress confirm delivery. If there is no activity in the account, clients will receive statements no less than quarterly from the account custodian or clearing firm.

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

Our IARs sell securities products in their separate capacities as registered representatives. They also sell insurance products in their separate capacities as independently licensed insurance agents. They may earn sales commissions when selling securities and insurance products in these separate capacities. Some of the advice offered by the IARs may involve investments in mutual fund products. Load and no-load mutual funds may pay annual distribution charges sometimes referred to as 12(b)-1 fees. Our IARs may receive a portion of these 12(b)-1 fees from some investment companies in their separate capacities as registered representatives. Clients should be aware that these 12(b)-1 fees come from fund assets and, thus, indirectly from client's assets. Receipt of these fees could represent an incentive for registered representatives to recommend funds with 12(b)-1 fees or higher 12(b)-1 fees over funds with no fees or lower fees, therefore creating a potential conflict of interest.

From time to time, we may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made.

See also Item 10 – Other Financial Industry Activities and Affiliations.

## **Item 15 – Custody**

### **Investment Management Services**

#### **Charles Schwab & Company, Inc.**

We and our IARs provide investment management services through accounts maintained at Charles Schwab & Company, Inc. (Charles Schwab). Charles Schwab will maintain custody of all funds and securities, and neither we nor our IARs will have direct access to client funds and securities.

#### **Financial Advisors Program**

NFS, insurance companies or other custodians will maintain custody of all funds and securities. At no time will SAA, SAI, EFG or EFG's IARs act as custodian of the Account or have direct access to the client's funds and/or securities.

### **Third Party Asset Manager Platform**

#### **Managed Opportunities Program**

We do not act as a custodian for any Managed Opportunities Program account. Custody of all Managed Opportunities Program Account assets is held by the sub-advisors or other custodians.

## **Item 16 – Investment Discretion**

Upon receiving written authorization from the client, our IARs may manage clients' assets in Charles Schwab, FAP, and Managed Opportunities Advisor Directed Portfolios on a limited discretionary basis. When they do, they limit their discretionary authority by prohibiting themselves from withdrawing funds and/or securities from client accounts except where fees are directly deducted from client accounts by the qualified custodian and paid directly to us.

## **Item 17 – Voting *Client* Securities (i.e., Proxy Voting)**

We and our IARs will not perform proxy voting services on behalf of clients. Clients are instructed to read through the information provided with the proxy voting document and to make a determination based on the information provided. In some instances, upon request from the client, our IARs may give limited clarifications based on their understanding of issues presented in the proxy voting materials. However, clients will be solely responsible for all proxy voting decisions.

## **Item 18 – Financial Information**

Not applicable.