



Summit Equities, Inc.

Investment Advisory Brochure

Item 1 Cover Page

This brochure provides information about the qualifications and business practices of Summit Equities, Inc. If you have any questions about the contents of this brochure, please contact us at 973-285-3670 or by email at compliance@sfr1.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

Additional information about Summit Equities, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

4 Campus Drive
Parsippany NJ 07054
(973) 285-3670
www.summitequities.com

Dated: March 26, 2015

Item 2 Material Changes

This Investment Advisory Brochure contains several material changes to the last annual update, dated March 31, 2014.

Summit Equities, Inc. (SE) has enhanced the descriptions of

1. the types of advisory programs it offers, in Item 4;
2. the types of fees and how they are charged to clients, in Item 5;
3. other compensation received by SE and the conflicts of interests that may be created thereby, in Item 5;
4. receipt of performance fees, in Item 6;
5. the methods of analysis, in Item 8;
6. other financial industry affiliations and the conflicts of interests that may be created thereby, in Item 10;
7. the selection of other investment advisers, and the conflicts of interests that may be created thereby, in Item 10;
8. other compensation and the conflicts of interests that may be created thereby, in Item 14.

Also, please note that

1. SE's affiliate Petroleum Energy Development Co., Inc. dissolved four limited partnerships for which it had previously served as the general partner.;
2. SE updated its disclosures to note that it has "custody" of certain client assets, as that term is defined by the SEC in its investment advisory rules. As previously disclosed, all of the assets are held at third parties – either broker dealers, banks or mutual fund transfer agents, in accordance with SEC requirements. However, some of those third parties permit SE to accept instructions from its clients to transfer their own assets, without complying with certain requirements outlined by the SEC in an FAQ.

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Item 4 Advisory Business

Description of the Advisory Firm

SE is dually registered with the SEC as an investment adviser and broker-dealer. Registration as an investment adviser with the SEC does not imply a certain level of skill or training. It is also a member of the Financial Industry Regulatory Authority (FINRA) and of the Securities Investor Protection Corporation (SIPC). Each of SE's Investment Advisory Representatives (IARs) is also registered with FINRA as a registered representative (RR) with SE. The IARs are all independent contractors who provide (i) certain investment advisory services, including asset management, through SE, (ii) financial planning services through Summit Financial Resources, Inc. (SFR) and (iii) insurance through Summit Risk Management, Inc. (SRM). (Note that in limited circumstances, IARs may offer financial planning through SE, as well.) See Item 10 below for a discussion of these affiliates. Some IARs operate under different business names (DBAs). As a broker-dealer, SE maintains a fully-disclosed clearing relationship with National Financial Services, LLC a Fidelity Investments Company (NFS).

Each advisory account at SE is managed by one or more IARs who serves as the primary point of contact between SE and the client and who determines which other resources within SE to utilize in connection with providing advice to clients. Some IARs choose to incorporate more of SE's resources in their provision of advisory services to their clients than others do. If you have any questions, please speak with your IAR.

Two shareholders, Steven Weinman and Salvatore Salvo have the right to vote 25 percent or more of the voting shares of the firm. The firm has been in business since April 30, 1982.

Types of Advisory Services

SE offers five primary types of asset management programs for its advisory clients as well as financial planning. From time to time, individual IARs may offer custom consulting or other services. In such event, the details will be disclosed in the specific agreements with the client.

For all of the types of asset management programs SE provides ongoing portfolio supervisory services based on the client's individual goals, objectives, time horizon and risk tolerance. The IARs obtain a financial profile for each client to aid in the construction of a portfolio that matches the client's specific situation. Many clients maintain "household" accounts, in which multiple accounts for an individual or members of a family may be managed jointly to maximize efficiencies. (The term "client" includes such households, for purposes of this brochure.) For all of the different types of asset management programs, the IAR will assist clients in assessing their risk tolerance, selecting an investment strategy and asset allocation and provide ongoing portfolio monitoring.

1. Summit Models Program (Models)

The Models are custom designed portfolios constructed by SE's Investment Management Committee (IMC), which is comprised of Steven Weinman, Chief Executive Officer and Chief

Investment Officer, Robert Lamberti, Vice President, Investments, and Noreen Johnston, Director of Research. The IMC meets regularly to oversee the Model portfolios. The IMC also conducts quarterly meetings with the larger Investment Committee, an advisory group of IARs, to discuss changes to the Models as well as other investment topics. SE offers approximately 30 Models, some of which are broad, internally diversified Models, and others which target a specific industry or market, or a combination of target investment market exposures. The Models use mutual funds and exchange traded funds (ETFs), to achieve various mixes of domestic equities, international equities, tax-free fixed income, real asset alternatives, and hedging strategies. One of the Models also utilizes listed Master Limited Partnerships (MLPs). Some of the Models can be managed within a Jefferson National Monument Advisor, a variable annuity. The Models are generally designed to be cost effective, tax efficient and are more strategic in nature than tactical. Although within each Model SE has full discretion to reallocate any mutual funds, ETFs, or MLPs, as the case may be, it is not uncommon for accounts invested in a Model to have few or no trades in between the annual rebalancings. All of the securities held within the Models have daily liquidity.

Each IAR utilizing the Model platform works with the client to develop an allocation strategy best suited to the client's objectives, risk tolerance, time horizon, liquidity needs, investment assets, income and tax situation. One or more Models may be used to achieve the client's goals. Each Model is allocated similarly for all clients in that Model and annual rebalancing is done, as necessary, to drive each Model account to desired weightings. A client may hold only one Model in each account, but many clients hold multiple Models among different accounts to achieve their recommended allocations. (Occasionally, a client may request and SE may permit non-Model positions be maintained in a Model account. Whether the position will be subject to fees is determined on a case by case basis.)

SE serves as the broker of record for assets invested in the Model programs and all of the assets are either custodied at SE's clearing firm, NFS or at Jefferson National Monument Advisor, a variable annuity.

As a broker, SE charge transaction charges on certain trades/positions and receive additional compensation on certain positions. See discussion in Item 5.

2. Strategic Asset Allocation (SAA)

The Strategic Asset Allocation program enables IARs to custom design portfolios for clients, taking into account the client's objectives, risk tolerance, time horizon and liquidity needs, other investment assets, income and tax situation. The IAR supervises the assets and recommends an initial allocation and periodic rebalancing but does not have discretion over the assets and must get approval from the client before entering any trades.

Although most SAA accounts are concentrated in mutual funds and ETFs, they may also hold stocks, bonds, traded and non-traded REITs, hedge funds (including funds of funds), unit investment trusts (UITs) and variable insurance and/or annuities or other securities. Mutual funds, UITs, ETFs and variable insurance and annuity products often provide diversification but may be concentrated in a particular asset class or investment style. The risk in these

investments is determined by the risk in underlying holdings (*e.g.*, a stock mutual fund's risk is determined by the risk of the stocks in the fund). Further, some of the selected securities may be less liquid than those utilized in the Model portfolios. The IARs may consult with members of the IMC regarding particular securities but they are not required to and some choose to conduct their own due diligence regarding the securities recommended. If you have any questions, please speak with your IAR or contact research@SFR1.com.

SE serves as the broker of record for SAA accounts. Most are custodied at NFS, but the assets can also be held at a mutual fund company, hedge fund, insurance company, etc. If direct investments (*e.g.*, hedge funds, non-traded REITs) are utilized, the assets may be identified on the NFS statements but the actual securities are held with the issuer of the security.

3. Unaffiliated Third Party Managers (TPM)

In this program, the IAR reviews the client's financial circumstances and recommends an unaffiliated third party investment manager. Some of the TPMs are sub advisors under agreements with SE and others will have separate advisory agreements directly with the client. In some cases, SE acts as a solicitor on behalf of the TPM. The TPMs have discretion to buy, sell and trade stocks, bonds, mutual funds and other securities in accordance with the program selected by the client. Some outside managers custody the assets at NFS and others select different custodians. The IAR will supervise the account and may recommend periodic rebalancing among the TPM's offerings. Clients are advised to review the Investment Advisory Brochures for the TPM. In some cases, the IAR can create custom allocations on TPM's platform. If you have questions about a particular TPM or program, please ask your IAR or contact research@sfr1.com.

The primary third party managers currently recommended by SE are SEI, Envestnet, Alliance Bernstein and Assetmark/Genworth. Other TPMs may be suggested by IARs based on their clients' particular circumstances.

4. Flexible Managed Accounts

This program is similar to the SAA program except that the (1) IAR has discretion to execute trades without contacting the client first; and (2) these accounts may be held at the custodian of the client's choice. The IAR reviews the client's financial circumstances and exercises discretion to buy and sell securities in the client's account. The securities used in these accounts may include mutual funds, ETFs, MLPs, UITs, equities, fixed income, hedge funds, non-traded REITs and insurance products such as variable annuities, among others. These accounts may be custodied at NFS or elsewhere. Where they are custodied at NFS, SE serves as the broker of record.

In some cases, clients who wish to track the Model portfolios but cannot use NFS as their custodian (often due to conflicts with their own employers) may ask their IARs to "mirror" the Model programs in these flexible accounts.

5. Outside Investment Monitoring

Several clients have asked their IARs to oversee assets that are managed by other advisors or at other brokers. Often, these are assets held in retirement plans. In these cases, the IAR provides ongoing supervisory services. The IAR has no discretion but will review the assets in such accounts and recommend rebalancing from time to time. These are very similar to SAA accounts, except that SE does not serve as the broker of record and the assets are held away from NFS.

6. Financial Planning

Fee-based financial planning services are generally provided by SE's affiliate, SFR, although SE occasionally performs such services. The services are based on fixed fees and the final fee structure is documented in the financial planning agreement. Financial planning is designed to meet the client's financial goals, needs and objectives. The scope of the financial plan varies depending on the client and typically involves some combination of a review of the client's current financial situation, including estate planning, insurance planning, education planning, retirement planning, business succession planning and portfolio analysis. SE does not typically advise on business value analysis, and/or business liquidations, or property and casualty insurance, but these components can be referred out to third parties. The financial planning team includes income tax and estate experts, insurance experts and/or members of the IMC. Although some members of the SE financial planning team are admitted attorneys and/or CPAs, they act in a non-representative capacity. Neither they nor any Summit entity provide tax, accounting or legal advice to clients. Clients should make all decisions regarding the tax and legal implications of their investments and plans with their independent tax or legal advisors.

If financial planning clients choose to implement the recommendations contained in the financial plan through SE, the IARs will typically recommend products and services offered through SE and its affiliates and they may act in their capacities as RRs and/or insurance agent. Clients are free to implement none, some or all of the recommendations and may do so through SE and its affiliates or through other providers of such services. Charges may be lower if the plans are implemented away from SE and its affiliates.

Clients or SE may terminate an advisory program at any time by providing notice of such election to the other party. Refunds for financial plans are addressed in Item 5, below.

In addition to these core investment advisory services (Model accounts, SAA accounts, Third Party Managers, Flexible Managed Accounts, Outside Investment Monitoring accounts and Financial Planning), clients and IARs may negotiate other types of services for a retainer, flat fee or otherwise. These arrangements will be documented separately with the client, the IAR and SE.

All investments have risk and there is no guarantee that utilizing the financial planning, asset management and/or advisory consulting services of SE or its IARs will produce favorable results.

Other Aspects of Asset Management

In its provision of investment advice and asset management, SE utilizes various types of investments including, but not limited to mutual funds, ETFs, MLPs, equities, fixed income, hedge funds, non-traded REITs and insurance products such as variable life insurance and variable annuities.

SE offers the same suite of services to all of its clients. However, each IAR determines, based on his own analysis, management style and preferences, in conjunction with each client's specific profile, which services and products to recommend. Clients may impose reasonable restrictions on SE regarding investing in certain securities or types of securities in accordance with their values or beliefs (or based on their employer or regulatory restrictions) except in the Model portfolios or with some Third Party Managers. However, if the restrictions prevent SE from properly servicing the client account, or if the restrictions would require SE to deviate from its standard platform of services, SE reserves the right to end the relationship.

Summit does not participate in any wrap fee programs.

Assets Under Management

As of December 31, 2014, SE managed the following assets through its five asset management programs:

Discretionary AUM	\$	879,456,663.99
Non-Discretionary AUM	\$	1,729,549,062.73
Total AUM	\$	2,609,005,726.68

This includes all assets in SAA programs, including certain direct investments such as hedge funds and REITs, even if SE acted as a broker in connection with the purchase of the position. It omits all assets over which SE serves solely as a broker, including most variable annuities as well as the non-advisory accounts it maintains as an introducing broker.

Item 5 Fees and Compensation

Investment Supervisory Services Fees

IARs set their own asset-based fees and/or consulting (fka placement) fees and/or flat fees for their services, so long as the maximum asset-based fees do not exceed those on the schedule, below. Accounts that opened earlier may be subject to higher fees. IARs consider various factors in determining what fee to charge, which may include the nature and size of the overall client relationship with the IAR, the type of advisory, brokerage or insurance products or services likely to be provided through SE and its affiliates. Clients may negotiate with the IAR on the fees. As discussed below, clients with assets with Third Party Managers or in Outside Investment Monitoring accounts typically pay fees directly to other parties as well as to SE. Assets held in accounts for which SE serves as a broker (Model, SAA and certain Flexible Managed accounts) at NFS also pay service charges.

ADVISORY PROGRAM

MAX. FEE CHARGED BY SE

SUMMIT MODELS:

NFS	1.25%
Jefferson National Monument Advisor	1.00%

STRATEGIC ASSET ALLOCATION:	1.50%
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FLEXIBLE MANAGED ACCOUNTS:	1.00%
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THIRD PARTY MANAGERS

SEI	1.50%
Envestnet	1.50%
Alliance Bernstein	1.00%
AssetMark/Genworth	1.35%

OUTSIDE INVESTMENT MONITORING ACCOUNTS	1.00%
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Fees are negotiable and most accounts do not pay the maximum charges.

The fees charged for assets in the Model, SAA, Flexible Managed Account and Outside Investment Monitoring programs are included in the written agreements between SE and the client. For Third Party Managers, the fees may be covered in the written agreements between SE and the client or in agreements directly between the client and the TPM. If an IAR and client agree to a consulting fee at the inception of the advisory relationship, this will be addressed in an agreement between SE and the client.

Payment of Fees

Under the current investment management contract, clients authorize NFS to deduct asset-based advisory fees from the account on a monthly basis in the month the services are provided. The monthly fee is calculated by multiplying the average daily account balance of the amount in the prior month by the annual fee, divided by 12. For example, the January fee is based on the average daily balance from December. (Note that NFS calculates the average daily account balance based on all days within the period, including weekends and market holidays, which means that Friday valuations account for at least 3/7th of the average. SE has no reason to believe that this practice impacts the fees charged.) This applies to all Model, SAA and Flexible Managed accounts that are custodied at NFS. From time to time, certain direct investments which have their own internal fees that are paid to SE in its capacity as a broker dealer (such as hedge funds, non-traded REITs, etc.) may be excluded from the advisory fee. Some accounts which have been open for a long time may prepay fees. If you have questions about your particular fees, ask your IAR.

Advisory fees for TPMs and Outside Investment Monitoring accounts are generally paid quarterly in arrears based upon the quarter ending account values. In most cases, fees are calculated by the custodians and are deducted from the accounts managed. For the primary Third Party Managers used by SE, the client pays separate fees to those managers and to SE (although both fees may be deducted from the assets managed by the TPM and held at the qualified custodian). In some cases for Third Party Managers (and assets held in SAA and Flexible Managed Accounts that are not custodied at NFS), the clients direct SE to deduct fees from a separate account at NFS for which SE services as the broker. Clients are advised to review the Investment Advisory Brochures and applications/contracts/agreements with the TPMs and/or sponsors of the investments for complete information on how fees are charged by such parties because their processes for charging fees may change from time to time. Moreover, since IARs can negotiate their own fee arrangements, some clients pay flat rates for services rather than asset based charges, which may be deducted differently. If you have questions about a particular account or custodian, please contact us at compliance@sfr1.com.

For financial planning, the fee for a completed financial plan has ranged from \$2,000 to \$15,000 in recent years, depending upon the complexity of the client situation. Individual components of a plan, such as a cash flow analysis, may be provided for a lower amount. Fees are paid by check in advance. In the event the client is not satisfied, the client may request a fee refund in writing. The request must be within ten days of plan presentation and within six months of entering into the contract for planning.

Clients are responsible for the payment of all third party fees, if applicable (including but not limited to custodian fees, wire fees, inactivity fees, foreign transaction fees, margin interest, liquidation fees, ACAT fees, regulatory fees), which are separate and distinct from the fees and expenses charged by SE and do not offset the fees charged. Please see Item 12 of this brochure regarding broker/custodian. Additionally, where SE serves as the broker of record, clients are also responsible for transaction charges, if any, associated with each trade, which are deducted by the custodian. For most advisory trades executed by SE at NFS, SE charges a flat service fee of \$10.00, which includes the ticket charges incurred by SE as well as an approximation of other charges incurred by SE in connection with maintaining the account at NFS (such as postage, account verification, other administrative charges, tax documents and insurance). In the aggregate, charges to clients for these costs are not fully recouped through the added service fees, but any particular client may be assessed slightly more or less than the actual costs associated with his account. As noted above, clients may select the Flexible Managed Account program, which enables them to purchase products through brokers or agents that are not affiliated with SE which may offer lower transaction costs.

The custodians for the Third Party Managers and sponsors for other investments (such as hedge funds, REITs, variable annuities, etc.) may impose other charges. As noted throughout, clients are encouraged to review all documentation provided by those managers for full and current details regarding their practices.

Additionally, all collective investments, including mutual funds and ETFs, and direct investments, such as REITs, variable annuities and variable life insurance, hedge funds, MLPs, UITs, etc., have their own internal fees which are also disclosed in each product's offering

documents and vary considerably. These internal charges often include operating expenses, management fees, redemption fees, 12b-1 fees, distributor fees, offering fees, concessions and other fees and expenses and can increase the expense ratio of the investment. These fees are in addition to the fees charged by SE. If clients transfer in particular share classes of mutual funds, which shares may be liquidated after being transferred to SE, they may also incur contingent deferred sales charges from the mutual fund company. Many of the private placements are alternative investments, which often incur higher costs than many traditional securities such as equities, mutual funds and ETFs. Some, such as hedge funds and private equity funds, also charge incentive or performance fees. SE encourages all clients to closely review the offering documents for all such investments with their IARs and to consider the aggregate costs. Clients are also welcome to contact research@sfr1.com with any questions about particular products.

Outside Compensation for the Sale of Securities to Clients

When SE acts as a broker (*i.e.*, in the Model, SAA and Flexible Managed Account programs custodied at NFS and the TPM Envestnet accounts), SE receives certain fees for most mutual fund shares purchased by their clients. These fees may be characterized as marketing fees, 12b-1 fees, no-transaction fee (NTF) revenue sharing (which is addressed below), administrative fees, revenue sharing arrangements, service fees, trails, among other terms. NFS receives these fees and credits a percentage of them back to SE. Essentially, these are fees that are charged by the mutual fund companies, generally as part of their operating expenses, or paid by the mutual fund companies/ affiliates. The fact that some of the fees are directed to SE does not directly increase the fees paid by the clients although these fees, in the aggregate, can impact a mutual fund's expense ratio. Some of these funds pay percentages based on assets managed; others may provide higher payouts as the total assets SE clients invest with the mutual fund family increases; and others are based on average ticket size. Since these fees are not paid uniformly on all mutual funds, SE and its IARs have an incentive to steer clients into funds which provide greater compensation to either or both of them. (Note that SE shares the 12b-1 revenue it receives with the IARs but does not share the compensation it earns from NTF revenue sharing programs with the IARs.) SE credits the amount of 12b-1 fees and NTF revenue sharing earned in ERISA accounts back to the clients.

Specifically, SE can execute many mutual fund trades through NFS without incurring a ticket charge (NTF funds). In such circumstances, SE does not charge the clients the \$10.00 service fee which it otherwise charges. Certain NTF funds participate in a program devised by NFS which NFS calls an NTF Managed Account Program. When SE clients purchase funds that participate in this program, SE receives the 12b-1 revenue (paid by the mutual fund companies to NFS and through NFS to SE.) These typically pay 25 basis points or less but can vary widely depending on the fund. (Note that many mutual funds which are not NTF funds also pay 12b-1 fees to SE in similar amounts. The material difference is that the clients also incur \$10.00 service fees for trades in such funds.)

Other NTF funds participate in a program devised by NFS which NFS calls its NTF Mutual Funds Program. SE refers to this program as "NTF revenue sharing." For funds that participate in this program, NFS pays SE revenue based on the average "buy ticket" size of trades in eligible funds during the calendar month. If the average trade size in eligible NTF funds in a calendar

month is between \$10,000-\$24,900, SE receives 8 basis points in revenue on all eligible assets (including those purchased in prior months). If the average trade size in a given month is larger than that, NFS pays SE 10 basis points in revenue on the eligible assets. If the average ticket size in eligible funds is lower than \$10,000, however, SE receives no NTF revenue for that month (even for positions which may be eligible in prior and subsequent months).

A basis point is 1/100th of 1%. So, a \$5,000 value trade in an NTF fund that pays 25 basis points in 12b-1 trails generates revenue to SE of \$12.50 annually, if the position is held that long. If the same trade is eligible for NTF revenue sharing instead of 12b-1 fees, SE could earn up to \$5 annually on the same investment, depending on the average ticket size for all eligible buy trades during the next 12 months. In both cases, the client saved the \$10 service charge. (If the fund is not an NTF fund and pays trails, SE will receive the service charge and the 12b-1 fees.)

The IMC selects the securities it determines are most likely to enhance the performance in the Model programs without regard whether there is a service charge, 12b-1 fee, NTF revenue sharing arrangement or otherwise. Although the IMC considers fund (and the share class) expense ratios as part of its due diligence when selecting mutual funds to include in the Models, it does not limit its selection of funds to NTF funds, since the expectation is that the positions will be held long term and the service charges are not expected to be significant. Moreover, NTF funds often have higher expense ratios than non-NTF funds, among no-load funds. The IMC believes that these arrangements do not adversely impact their product selection. Nonetheless, the fact that these compensation arrangements exist create conflicts of interests.

The IARs have conflicts in selecting securities for the SAA and Flexible Managed Accounts, too, since they can influence the selection of securities. In general, the Model accounts use a higher percentage of passive investments (which do not generate 12b-1 fees or NTF revenue sharing) than the SAA accounts. SE believes this is due to the IARs' research into the selected allocations as a means to meet their clients' objectives but acknowledges that the IARs may be incentivized to recommend investments which provide higher total payouts. In 2014, 12b-1 fees on SAA assets custodied at NFS was 4 basis points (0.04%) higher than in the Model accounts.

In 2014, SE earned less than 1 basis point (0.01%) in NTF revenue sharing and approximately 8 basis points (0.08%) in 12b-1 revenue (on both NTF and non-NTF mutual funds) on its average advisory assets custodied at NFS. This was a small percentage of SE's total revenue.

For assets managed by Envestnet, Envestnet has sole investment discretion. SE earns 12b-1 fees and NTF revenue on these assets but does not influence the investment selection.

Through NFS, SE is also eligible to receive revenue sharing/rebates on money market positions held at NFS, although in the current low interest rate environment, those payments have been suspended. Some products, such as direct investments, pay concessions or marketing fees to SE and its IARs. These are disclosed in the issuer's offering materials. Generally, if SE receives an up-front charge in its capacity as a broker (whether a sales load, placement fee, dealer concession or otherwise) for an investment purchased through one of SE's fee-based advisory programs SE will waive the advisory fee on the position in the amount paid as an up-front charge.

SE does not participate in any revenue sharing arrangements directly with mutual funds. The only revenue sharing arrangements are through NFS, as SE's clearing broker, and as disclosed in Item 6.

SE endeavors to use load-waived mutual funds shares. In the past, B or C Class shares classes were used from time to time. Some B or C share accounts continue to be managed, but generally no such shares are purchased for clients, except for smaller accounts and when approved by the client. Further, those assets are excluded from management fees.

Except as noted herein, SE does not credit the clients' advisory accounts for amounts received from other parties.

As part of a financial plan, an IAR may recommend changes to a client's insurance coverage. If clients request that their IAR assist them in implementing the recommendations in a financial plan, the IARs, in their capacity as insurance agents, may suggest insurance products, which will generate commissions to them. Many of SE's IARs are brokers of various insurance companies and/or agents of Mass Mutual. The CEO is a general agent of Mass Mutual. Even though the insurance products are typically not included in an advisory program, clients are advised that Mass Mutual pays SRM (an affiliate of SE) and the IARs (in their capacity as insurance agents) allowances and benefits (which may include subsidies on health insurance, trips and retirement contributions) based on the volume of business they conduct on an annual basis. These payments are significant to the revenue of the Summit affiliates and to the IARs. Although this arrangement creates a conflict of interest and incentivizes IARs to recommend that clients use Mass Mutual insurance, IARs who sell insurance also recommend other insurance carriers based on that they believe is appropriate for the client. The other insurance carriers also pay commissions and allowances to IARs and the Summit affiliates which vary considerably from year to year. The Director of Insurance also monitors insurance recommendations to mitigate these conflicts.

Several of the IARs and management persons, all of whom own shares of SE and often refer to themselves as "principals" of SE, also receive annual bonuses based on the profitability of the Summit entities. (Note that the use of the term principal connotes an ownership interest and does not imply they are registered as principals for SE or have any management responsibilities.) Principals who are based in SE's main office in Parsippany, NJ are also eligible for production bonuses based on their own revenue production across all business lines (advisory, brokerage and insurance).

Commissions are not SE's primary source of compensation.

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

SE does not assess performance-based fees or other fees based on a share of capital gains on or capital appreciation of assets of a client, although a small percentage of assets are held with fund of hedge fund managers through SAA accounts that share part of their performance fees with SE. In 2014 the aggregate revenue from these sources was extremely modest and amounted to less than ¼ of 1% (0.25%) of SE's total revenue. If you have questions about a particular

investment, please contact us at research@sfr1.com. This is the only revenue sharing in which SE participates, other than through NFS.

Item 7 Types of Clients

SE generally provides investment advice and/or management supervisory services to the following types of clients:

- Individuals
- High Net Worth Individuals
- Corporations and/or Business Entities
- Pension & Profit Sharing Plans
- Charitable Organizations

Minimum Account Size

Managed accounts may be subject to minimum account size. The Model portfolios have a minimum account size of \$100,000, which can be waived at SE's discretion. Some TPMs have minimums of \$100,000 to \$250,000. Any minimum account size is outlined in the investment management agreement entered into by the client.

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

Primary Strategies

As discussed in Item 4, SE and its IARs primarily recommend direct investments in ETFs, mutual funds and publicly-traded MLPs in the Model and SAA programs. They also recommend certain outside managers in the TPM program. The analysis for these securities and managers is conducted in the following way.

Members of the IMC conduct due diligence on securities, investment managers and strategies utilizing multiple research sources, typically including fund databases, financial publications, capital market data and 3rd party research materials that analyze the overall investing landscape as well as specific market sectors and strategies. The IMC also reviews materials supplied by the investment managers including factsheets, presentations, fund prospectus/offering memorandum, performance and related investment data, if available. When reviewing the investment strategy and process, performance, risk management and expenses of a prospective investment, the IMC evaluates some or all of the following items, among others:

- Are the assets under management large enough to efficiently manage a diversified portfolio but small enough to navigate supply constrained market sectors;
- Is there a stable investment team with the experience and depth required by the investment strategy;
- Is there consistency of the investment objective and the strategy followed;
- Is there a clearly defined investment style and management process;

- Is there a well-designed benchmark index (*e.g.*, universe of securities, weighting methodology);
- Does the organization have a disciplined management of risks exposures (*e.g.*, market, interest rates, credit, inflation, currency, liquidity);
- Is there attractive absolute and risk-adjusted performance, consistent with return and risk objectives. A track record from a different but similar investment vehicle may be used to evaluate performance;
- Are volatility and returns during market drawdowns consistent with risk exposures;
- What are positive or neutral supply/demand trends and investor sentiment;
- Are the investment characteristics (*e.g.*, geography, industry sectors, valuation, capitalization range, credit quality) consistent with the investment mandate;
- Are the types of securities that may be held in the portfolio liquid and well understood;
- Are the costs, including management fees, operating expenses, sales fees and administrative expenses, marketing expenses, etc., moderate or low;
- Is the product structure attractive and what are the potential tax implications.

Certain strategies and investment products pose different risks and are subject to additional due diligence, as detailed below.

ETFs: Shares in an ETF can be traded throughout the day on an exchange and are bought and sold at a market price that may differ from Net Asset Value (NAV). When conducting due diligence on ETFs, members of the IMC review additional data on liquidity and trading costs, often including:

- Tracking error versus the benchmark index (for passive ETFs);
- Premium/discount between the market price of the shares and NAV;
- Bid/ask spread;
- Trading volume.

Active Strategies: Active investment strategies (including open end mutual funds and certain TPMs) seek to outperform a benchmark by selecting a portfolio of securities that differs from the benchmark portfolio. Active strategies involve manager risk and are typically more expensive than passive strategies that track benchmark indices. When conducting due diligence on active strategies, members of the IMC typically participate in a conference call, on-site meeting and/or meeting in SE's offices with a member of the investment strategy's portfolio management team. Additional factors evaluated by members of the IMC during the due diligence process include:

- Understanding the investment guidelines and discretion given to the investment team;
- Understanding the current risk/reward environment for taking on active risk exposures;
- Reviewing performance versus a universe of similar strategies;
- Considering investment tools that may be used (*e.g.*, leverage, derivatives, shorting);
- Reviewing whether return premium compensates for active portfolio management and trading expenses.

Master Limited Partnerships (MLPs): MLPs are limited partnerships that are publicly traded on exchanges. Many MLPs provide exposure to a commodity-related industry such as oil and gas. Unlike ETFs and mutual funds, which provide exposure to a basket of issuers and are managed by a professional investment manager, MLPs are individual operating companies, much like equities. Not all MLPs are profitable or pay distributions to investors. The SE investment team screens the universe of MLPs to identify large, liquid securities that pay distributions.

Investment Platform Due Diligence—TPMs: SE and its IARs also recommend some investment platforms that provide integrated portfolio management, administration and reporting. These investment platforms typically offer asset allocation portfolios designed to meet different investment objectives and a broad array of separately managed accounts (SMAs) and investment funds. These platforms are supported by a deep bench of investment specialists in asset allocation, portfolio construction and manager due diligence as well as technology platforms that facilitates custody, trading, tax management and reporting.

Members of the IMC conduct due diligence on the investment platforms to validate the business model, the ability to access attractive investment managers to the platform, and the cost of the platform compared to direct investment. When conducting due diligence on investment platforms, members of the IMC typically participate in a conference call, on-site meeting and/or meeting in SE's offices with a member of the management team. The investment platforms offer a wide spectrum of investments with different asset classes, strategies and risk exposures. Depending on the TPM's internal due diligence processes, the IMC may rely heavily on the due diligence performed by the investment platforms and often conducts additional screening on the TPM's available investments to identify strategies that are suitable for a particular client's objectives, risk tolerance and other preferences.

Additional Strategies

Some IARs may supplement SE's primary strategies by providing access to alternative investments – including non-traded REITs, hedge funds and funds of hedge funds. Although this is often done in its capacity as a broker, not an investment adviser, sometimes these investments will be managed as part of an SAA or Flexible Managed Account program.

Non-Traded REITs: The IMC screens potential investments in non-traded REITs to eliminate those securities that primarily invest in debt or in speculative areas of the real estate markets. Non-traded REITs have limited liquidity with no available market price and the underlying properties are valued infrequently. In addition, management practices differ markedly from public REITs. Dividends may be paid out of offering proceeds and borrowing if operating income is not sufficient. The property portfolio is typically a "blind pool," that is, built up over time. When conducting due diligence on non-traded REITs, members of the IMC typically participate in a conference call, on-site meeting and/or meeting in SE's offices with a member of the REIT's management team. Additional factors typically evaluated by members of the IMC during the due diligence process include:

- Sponsor/advisor track record managing prior REITs through a successful liquidity event;

- Conflicts of interest that may result from the relationship between the REIT sponsor and the advisor;
- Other real estate investments controlled by the sponsor that may compete for new acquisitions or tenants;
- Pace of capital raising and expected timeframe until the offering is closed to new investments;
- Size and timing of the management team's investment;
- Investment opportunity (*e.g.*, supply/demand trends, valuation of private vs. public markets);
- Timing of the investment in the commercial real estate market cycle and current capitalization rate trends;
- Diversified and high quality property portfolio (*e.g.*, high occupancy rate, long average remaining lease, tenants with good credit);
- Investment limits (international properties, leverage) are reasonable;
- Leverage is in line with industry peers;
- Ability to lock-in well priced financing with a diverse group of lenders;
- Dividends are materially covered by Modified Funds From Operations (MFFO);
- Dividend yield is consistent with capitalization rates provided by the underlying investments and target leverage;
- Offering, operational and liquidation fees are not excessive and are competitive with evolving industry practices.

Alternative Fund of Funds: Hedge funds and commodity pools are complex investments that often entail greater risks than traditional strategies. Hedge funds and commodity pools may utilize a variety of techniques including the use of leverage, derivatives and short sales and may exhibit a wider range of returns than traditional investment strategies. In addition, hedge funds and commodity pools may have investment terms that limit liquidity and charge higher fees including performance-based fees.

SE typically recommends alternative funds of funds that research, select and build portfolios of underlying funds, thereby providing an added layer of due diligence compared to investing in funds directly. This approach should provide exposure to a diverse group of managers and strategies which helps to mitigate manager risk. Fund of funds typically charge a layer of fees that is in addition to the fees charged by the underlying managers. Members of the IMC conduct due diligence on alternative fund of funds to identify specialist teams that have deep knowledge of the universe of managers and strategies, strong relationships with alternative managers, and a portfolio construction and manager selection process that is consistently applied. When conducting due diligence on alternative fund of funds, members of the IMC typically participate in a conference call, on-site meeting and/or meeting in SE's offices with a member of the portfolio management team. Additional factors typically evaluated by members of the IMC during the due diligence process include:

- Criteria for hiring and firing managers;
- Frequency of manager turnover;
- Fee arrangement with the underlying funds;
- Portfolio construction and rebalancing;

- Understanding of the current risk/reward environment for taking on active risk exposures;
- Performance versus a universe of similar strategies;
- Investment tools that may be used by the underlying funds (*e.g.*, leverage, derivatives, shorting);
- Return premium that compensates for the additional layer of fees.

Investment Platform Due Diligence—Alternative Investments: SE and its IARs also recommend investment platforms that provide access to alternative strategies such as hedge funds. These platforms are supported by a deep bench of alternative investment specialists that conduct due diligence encompassing the investment and operational risks of the investment funds available on the platform. This independent due diligence bolsters the efforts of the IMC. These platforms provide access to alternative investments that are sometimes only directly available to large institutional investors and utilize technology that facilitates investment execution and reporting. Members of the IMC conduct due diligence on alternative investment platforms to validate the business model, the ability to access attractive hedge funds to the platform, and the cost of the platform compared to direct investment. This review covers platform documents, the due diligence reports provided by the platform, fund performance and investment terms such as fees and liquidity. When conducting due diligence on alternative investment platforms, members of the IMC typically participate in a conference call, on-site meeting and/or meeting in SE's offices with a member of the management team. The IMC may select a small group of investment funds with specific characteristics from the larger universe of funds available on the platform.

Other

As noted in Item 4, in the SAA and Flexible Managed Account programs, IARs are not limited to using securities which have been reviewed by the IMC. IARs may conduct their own research. When they do, they may use Morningstar, Bloomberg or other financial software programs to construct portfolios and research track records and fundamentals regarding the particular investments recommended.

General Risks

Although the IMC and IARs consider many risks before recommending a security or investment manager to clients (or investing on their behalf), they are a myriad of circumstances which may cause the investments to lose value. Their assessment of any investment manager or security's likely future performance is inherently a prediction and it is subject to uncertainty and risk that the outlook might prove wrong. An outcome contrary to what the IMC or IAR anticipated may arise from a number of factors, such as: an erroneous assessment of the value offered by the investment manager/security, a change in strategy by the selected manager, market changes, unanticipated changes to interest rates or the tax code, among others.

Further, SE advisory clients should understand that all investment strategies involve risk and that investment performance and success of any strategy cannot be predicted or guaranteed. Past performance should not be used to forecast future results. Bond investors should be aware that individual bond issues are subject to loss due to default and market risk due to interest rate movements or other market factors. Investments in stocks, REITs, hedge funds (including fund of funds), futures funds involve significant risk including the potential loss of the entire

investment. Money markets used in accounts are generally considered low risk but are not guaranteed and may be subject to loss and or change in market value.

Specific Risks

Clients participating in the Models should understand that the underlying holdings within the Models (mutual funds, ETFs and MLPs) involve risk and the potential of loss. Money markets used in Models are generally considered low risk but are not guaranteed and may be subject to loss and or change in market value. Mutual funds and ETFs often provide diversification but may be concentrated in a particular asset category or class within a category. Investments in funds impose risk due to exposure to economic forces or factors for which the future is uncertain. Some of these are unique to individual funds, but many are common to many funds. Thus, a U.S. stock fund will typically move to a greater or lesser extent with the overall U.S. stock market. A fund's risk depends on how closely its return is coupled with given indexes, the riskiness of each index, and how closely the indexes tend to move together.

The level of overall investment market diversification will vary depending on the Model or Models used as well as the underlying exposures of the underlying funds or MLPs. The risk in a Model or collection of Models is a function of the underlying asset classes utilized and the particular weighting of the Models if more than one is used to meet the portfolio design. Further, all investment strategies involve risk and that investment performance and success of any strategy cannot be predicted or guaranteed. Past performance should not be used to forecast future result.

Hedge funds are speculative in nature and may use leverage or other aggressive investment practices. As a result, client returns may be highly volatile, and clients may lose all or a portion of the investment in the fund. Clients who invest in commodities (through hedge funds that specialize in this asset class) should know that commodities are subject to world events, liquidity, shifting market preferences, trade signal disruption, and many other things that cannot be successfully predicted, but do have a significant impact on future results.

Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

This list of risks is not exhaustive. When clients invest in mutual funds and newly issued municipal bonds, they receive prospectuses and official statements which identify the risk factors associated with those securities and issuers. Clients are encouraged to review such disclosure documents. Similarly, clients are encouraged to review the offerings documents for private investments and the investment advisory brochures for all TPMs for additional risk disclosures.

Please contact your IAR or research@sfr1.com if you have questions about your investments.

Item 9 Disciplinary Information

There are no legal or disciplinary events for SE or those that meet the definition of management persons for purposes of this brochure.

Item 10 Other Financial Industry Activities and Affiliations

SE is also registered as a broker-dealer with the SEC and is a member of Financial Industry Regulatory Authority (“FINRA”). As noted above, all IARs with SE including its management persons are also registered representatives with FINRA. SE is also associated with other affiliates which have overlapping employees and clients and which may receive fees, commissions or other remuneration from non-clients which may be the result of a sale or product or service by the affiliate to the client.

Summit Financial Resources, Inc. – SFR is a New Jersey corporation which is an SEC registered investment adviser and whose sole business is that of providing financial and planning services for a fee to individuals, partnerships, corporations, trusts, and estates. Such services may include planning and/or consulting in the following areas: investments, income tax, estate, insurance, cash flow, fringe benefit, college funding, pension, retirement, business continuity, and consulting. Many of SFR clients are also clients of SE. This is the same type of financial planning provided by SE, as described in Item 5, above. All persons associated with SFR are also associated with SE. Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

Summit Risk Management, Inc. – SRM is a New Jersey corporation and is licensed to sell various insurance products and may earn commissions or remunerations on such products. Many of the clients of SRM are also clients of SE. All persons associated with SE are also associated with SRM. All SE IARs are insurance agents through SRM.

Selection of Other Investment Advisers

As detailed in Item 5 above, in its capacity as a broker or insurance agent, SE and its affiliates receive fees, commissions and other remuneration from non-clients including mutual fund companies, insurance companies and NFS which may be the result of a sale or product or service by the affiliate to the client.

As noted in Item 4, SE may recommend Third Party Managers as providers of investment management services for clients. SE’s fee is typically added to the fee charged by the TPM. This relationship and the fees are usually disclosed in each contract between the client and each Third Party Manager or in a separate agreement between the client and SE. This practice theoretically creates a conflict of interest in that the IAR has an incentive to direct clients to those managers who provide SE with a larger fee split. Some TPM programs provide higher payouts to the IARs than SE’s other advisory programs, but it will depend on the fee agreement negotiated between the client and the IAR. It is not necessarily determinable in advance whether utilizing any particular TPM will generate more revenue to SE or the IAR than other advisory platforms, particularly since most TMPs do not generate 12b-1 revenue.

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

SE maintains a written Code of Ethics that addresses insider trading, personal securities transactions, prohibited activities, conflicts of interest, gifts and entertainment, confidentiality

and privacy, compliance procedures, certification of compliance, training and education and record keeping. Clients may request a copy of SE's Code of Ethics by contacting 973-285-3670 or by emailing compliance@sfr1.com.

SE does not hold or trade securities for its own accounts, although from time to time, SE IARs may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for the representatives of SE to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Summit monitors such transactions to look for potential conflicts of interest and to ensure that IARs transact client business before their own when the same securities are being bought or sold at the same time.

Item 12 Brokerage Practices

SE's clearing and custody broker-dealer is National Financial Services ("NFS.") NFS was chosen based on its relatively low transaction fees, quality of execution and access to mutual funds and ETFs. As noted above in Item 5, SE imposes \$10.00 charges to cover the internal cost of facilitating most transactions with NFS. These charges appear on each transaction confirmation as service fees. SE receives a suite of services from NFS, pursuant to its clearing agreement, but does not receive benefits outside of the clearing relationship from NFS or from any other broker. Nor does SE receive referrals from a broker dealer or third party in exchange for using that broker dealer or third party.

As noted above, SE routinely recommends but does not require clients to execute transactions through SE as the broker of records, except in the Model and SAA programs (for most security types).

SE does not block trade purchases across accounts for discretionary managed accounts. For the larger percentage of the accounts that are invested in mutual funds, there is no advantage to blocking such trades. For the other securities, SE monitors the Model trades to see that clients are not systematically advantaged or disadvantaged in the execution of the orders.

SE maintains a fiduciary duty to seek the best execution pricing available for client transactions. While best execution is difficult to define and challenging to measure, there is some consensus that it does not solely mean the achievement of the best price on a given transaction. Rather, it is a collective consideration of factors concerning the trade in question. Such factors include the security being traded, the price of the trade, the speed of the execution, apparent conditions in the market, and the specific needs of the client.

SE's primary objective when placing orders for the purchase and sale of securities for client accounts is to obtain the most favorable net results taking into account such factors as price, size of order, difficulty of execution, and broker skill. Based on these criteria, the firm may not necessarily pay the lowest commission or commission equivalent, as specific transactions can involve specialized services on the part of the broker.

Summit Equities evaluates periodically whether clients are receiving best execution to ensure the services provided by SE as the broker remain competitive and are in the best interest of the firm's clients.

Item 13 Review of Accounts

SE's Model portfolios are reviewed on a continuous basis at the direction of the Chief Investment Officer. Clients in SAA and the Flexible Managed Accounts are reviewed on a periodic basis based on the financial condition and profile of the client and annually by the IAR who supervises the account. Additional reviews may be triggered by material market, economic, or political events, or by changes in client's financial situations, such as retirement, change in employment or marital status, physical move, inheritance or other life events.

Each client will receive written report from the custodian that details the client's positions and activity. Many IARs also provide their clients with periodic performance reports, which may show performance across multiple accounts within a household. Clients are advised to always compare those reports to the ones provided by the qualified custodians, which are the official records of the accounts.

Item 14 Client Referrals and Other Compensation

Economic Benefits Provided by Third Parties for Advice Rendered to Clients

SE and its IARs receive economic benefits from third parties in a number of ways. Many of those are addressed in Item 5, above.

Generally, IARs are compensated through SE on a percentage of the fees (but not transaction charges) charged to the clients' accounts (often referred to as a "grid" or "net" payout). The payout percentage varies based upon the advisory program or TPM selected. Moreover, IARs with higher total revenue generally receive higher "grid" payouts. Most of the revenue paid to SE from clients as well as third parties (as detailed above) are also split with the IARs. For example, IARs earn a percentage of the 12b-1 trailing revenue from mutual funds, identified in Item 5 in the same proportion as the grid. (In contrast, SE does not split NTF revenue sharing with the IARs.) Additionally, SE affiliates and many IARs receive significant allowances from Mass Mutual or other insurance companies, as discussed in Item 5.

IARs often receive other types of support from third parties, primarily mutual fund companies, TPMs and sponsors of alternative investments and variable annuities. These payments may be made to IARs in their capacity as brokers or insurance agents, not as IARs. These payments frequently include reimbursement for marketing costs (such as paying for client meetings or mailing expenses). These tend to be modest and are often a few hundred dollars. The firms may also pay for travel and attendance at due diligence meetings, conferences, client relationship building events and other events that benefit the IAR by educating them about the sponsors' products and services and support provided to clients. These types of reimbursements are intended to result in the IARs' promotion of their investment products and create an incentive for the IARs to steer clients to invest with sponsors who deliver these economic benefits.

Compensation to Non-Advisory Personnel for Client Referrals

SE compensates its own IARs as well as some third parties for client referrals. Terms of the compensation are disclosed to the client in the management contract and upon request.

Item 15 Custody

The SEC defines custody as holding client funds or securities, directly or indirectly, or having the authority to obtain possession of them. For example, advisers are deemed to have custody where the adviser can transfer a client's assets, even with written or oral permission from the client, unless certain conditions are met as detailed by the SEC in an FAQ. SE does assist clients with asset transfers from their accounts at NFS or some of the other custodians (such as mutual fund companies and the custodians selected by the TPMs) which actually hold the assets. Therefore, it is deemed to have custody over certain assets. For those assets, SE is obligated to adhere to additional safeguards which include ensuring that the assets are maintained with a "qualified custodian" (a legal term by the SEC), notifying the clients of the name and address of the qualified custodian, having a reasonable belief that the qualified custodian sends statements no less than quarterly, and engaging an independent public accountant to examine those assets on a surprise basis every year. The accountant performing the "surprise" examination will contact some of SE's advisory clients to confirm their holdings with those listed on the records of the adviser. SE is also deemed to have custody with respect to certain of its assets because it can deduct advisory fees from those accounts.

SE urges clients to compare the account statements they receive from their account custodian with any performance report or statements SE or its service providers may create for them.

Item 16 Investment Discretion

SE has discretionary authority over the accounts invested in the Model program. The IMC determines the securities to be bought or sold, the amount of securities to be bought or sold, and the timing of the purchases and sales of the securities. For these accounts, no load or Class A shares @ NAV are generally used.

For Flexible Managed Accounts, the IAR determines the securities to be bought or sold, the amount of securities to be bought or sold, and the timing of the purchases and sales of the securities.

Item 17 Voting Client Securities

SE will not request or accept voting authority for clients. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.